

FY2019 DEPARTMENT OVERVIEW

HOUSE FINANCE SUBCOMMITTEE

JANUARY 31, 2018



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
ACTING COMMISSIONER GREG CASHEN

DEPARTMENT MISSION & RESOURCES



Provide safe and legal working conditions
and advance opportunities for employment

Mission and Key Performance Indicators:

<https://www.omb.alaska.gov/html/performance/program-indicators.html?p=77&r=1>

Proposed FY19 Budget:

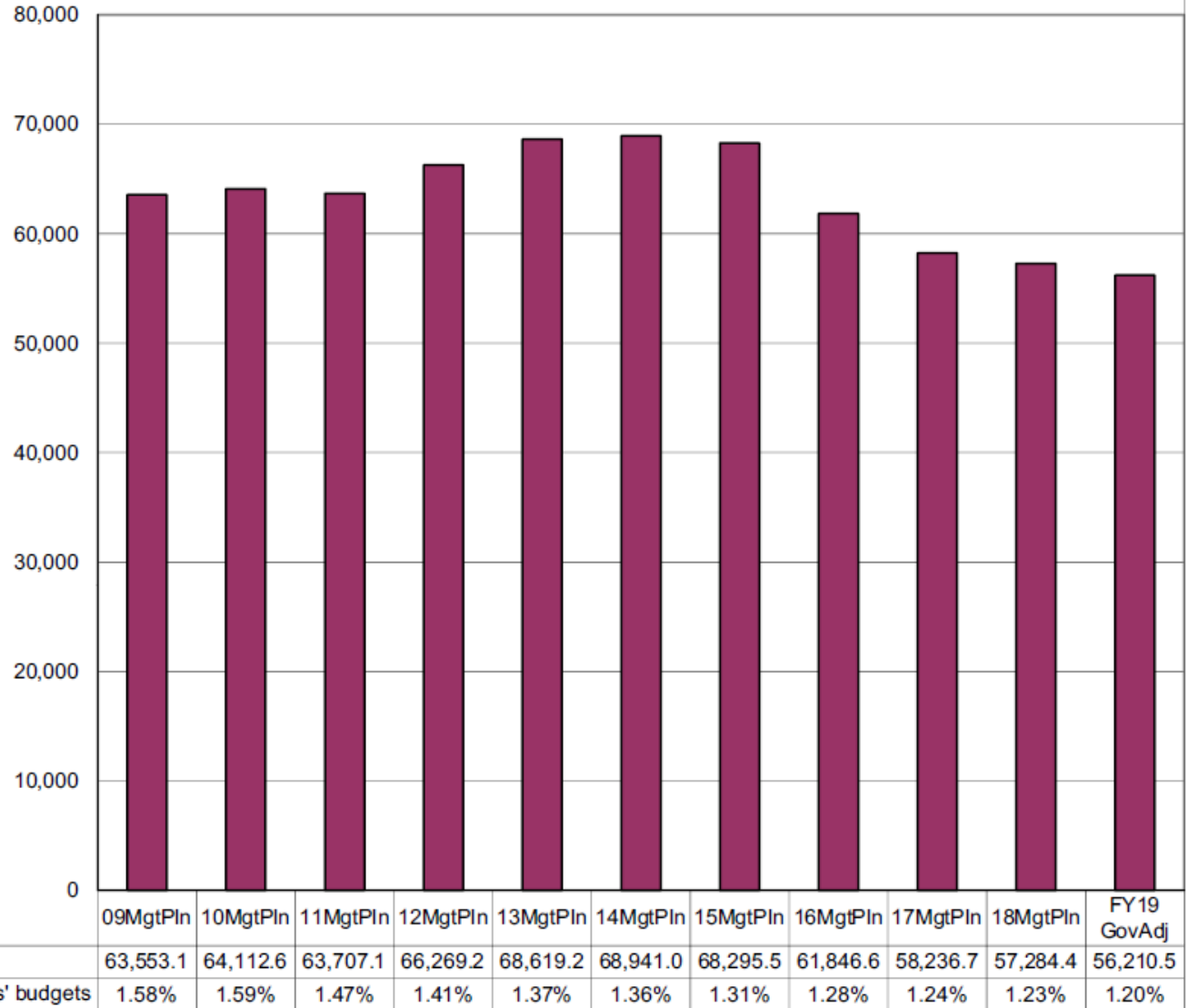
<https://www.omb.alaska.gov/html/budget-report/department-table.html?dept=Labor&fy=19&type=Proposed>

All Department and Division Performance Measures:

<https://www.omb.alaska.gov/html/performance/department-details.html>



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



The Department's GF budget decreased by \$7.3 million (-11.6%) between FY09 and the FY19 Governor's Request--an average annual growth rate of -1.2%.

The Department's total FY19 GF Request equals \$169 per resident worker.*

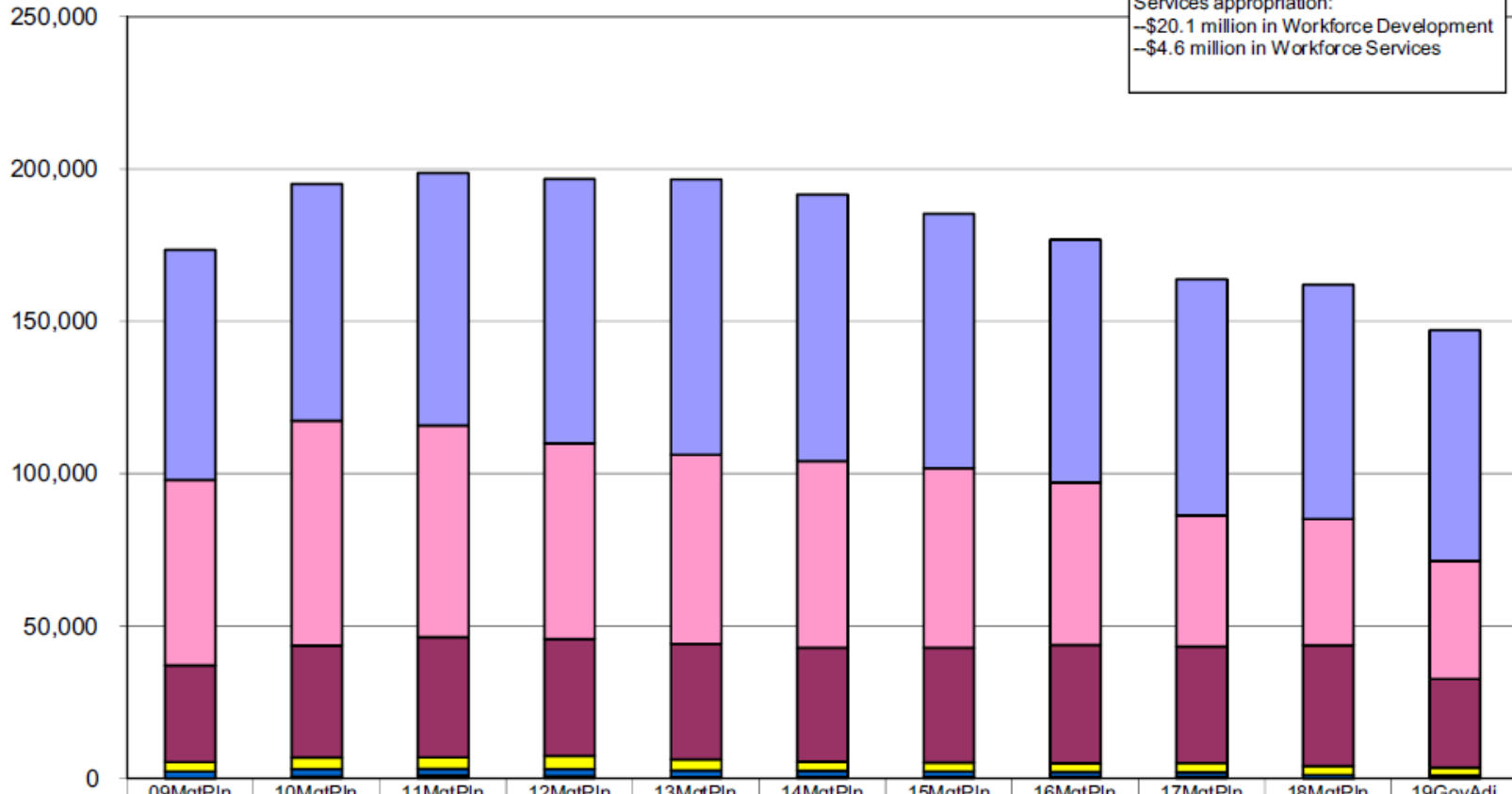
* According to the Department of Labor and Workforce Development, there were 332,583 resident workers in Alaska in 2015.

Department of Labor and Workforce Development

Line Items (All Funds) (\$ Thousands)

The majority of the funding is in the following line items:
Personal Services: 52%
Grants: 26%

About 64% (\$24.7 million) of the grants funding is in two allocations within the reorganized Employment & Training Services appropriation:
--\$20.1 million in Workforce Development
--\$4.6 million in Workforce Services

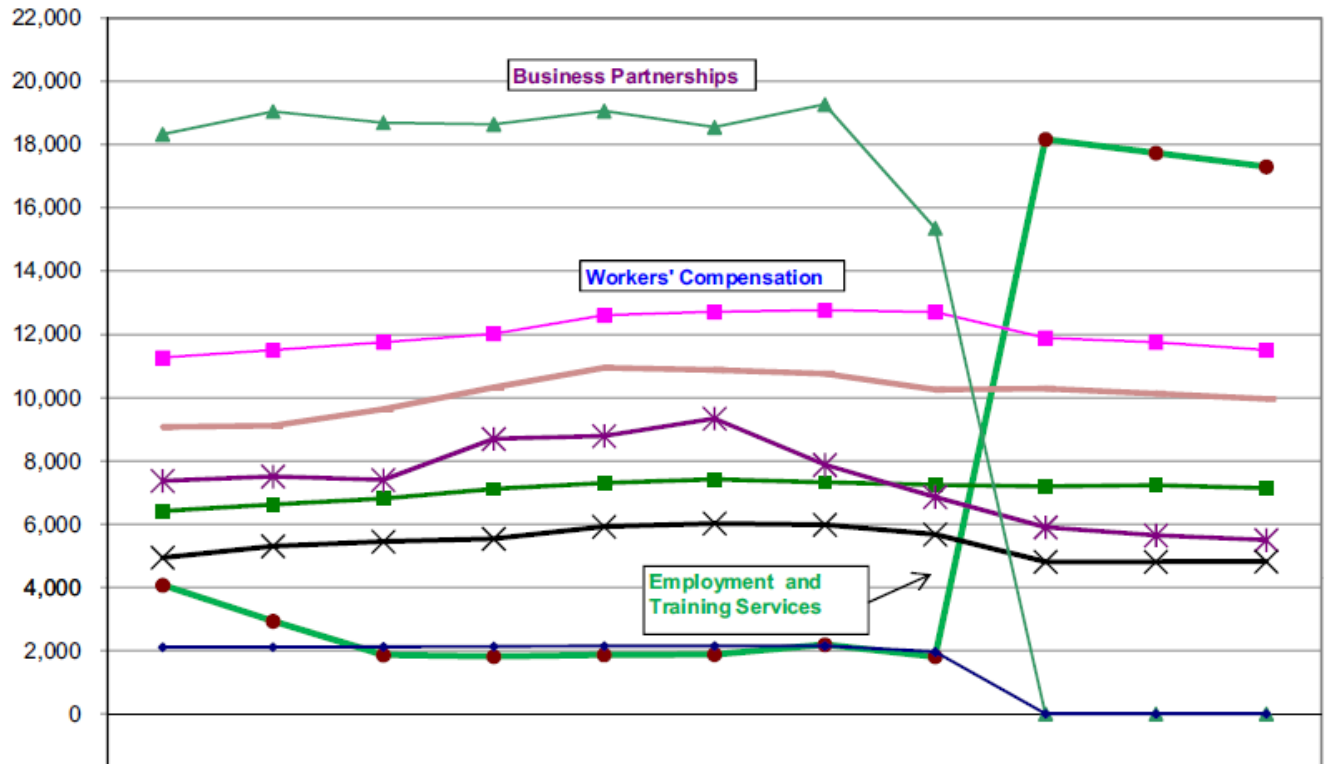


	09MgtPIn	10MgtPIn	11MgtPIn	12MgtPIn	13MgtPIn	14MgtPIn	15MgtPIn	16MgtPIn	17MgtPIn	18MgtPIn	19GovAdj
Personal Services	75,458.1	77,848.5	82,889.4	86,916.1	90,276.2	87,530.9	83,605.3	79,847.8	77,558.9	76,906.3	75,806.7
Grants, Benefits	60,959.2	73,831.3	69,536.8	64,142.3	62,207.3	61,341.9	58,850.4	53,173.0	43,046.6	41,546.6	38,683.7
Services	31,734.0	36,669.3	39,436.0	38,406.3	37,816.3	37,333.7	37,718.5	38,921.4	38,261.4	39,619.2	29,095.2
Commodities	3,086.7	3,821.0	3,767.8	4,342.6	3,700.1	3,077.1	2,842.1	2,804.5	2,931.3	2,846.9	2,604.7
Travel	2,138.1	2,436.2	2,219.9	2,228.0	2,239.9	1,971.0	1,848.5	1,650.8	1,536.0	981.2	817.2
Capital Outlay	108.9	581.4	881.5	768.9	330.2	451.9	441.9	428.5	468.2	132.2	102.2
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-

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

In FY17, 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.

The FY19 Governor's request for the Department of Labor and Workforce Development reflects a \$1.1 million (2%) overall GF reduction from the FY18 Management Plan.



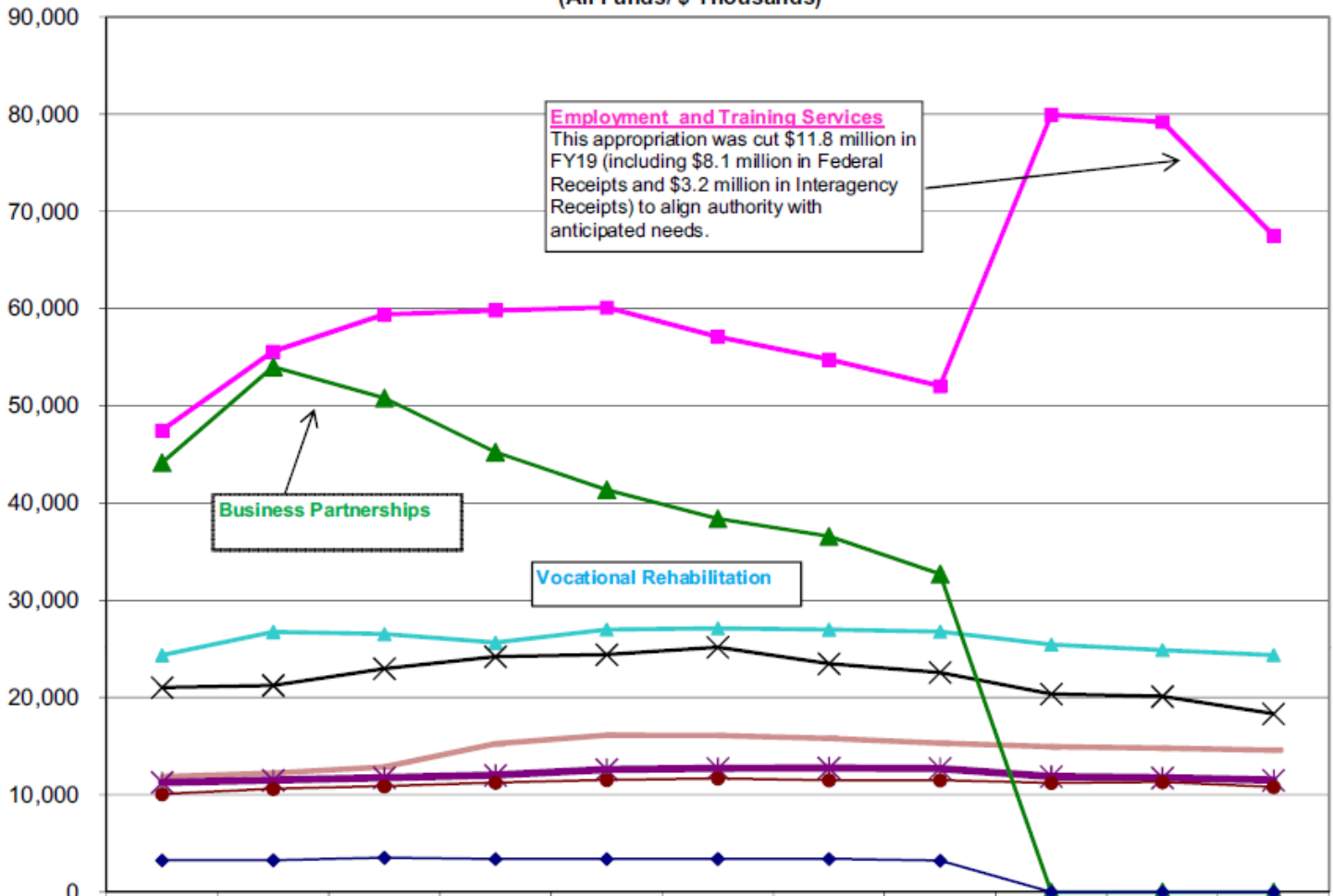
	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18MgtPln	FY19 GovAdj
—●— Employment and Training Services	4,065.2	2,927.0	1,859.1	1,812.6	1,863.9	1,877.5	2,186.6	1,809.5	18,167.8	17,733.3	17,301.5
—■— Workers' Compensation	11,264.9	11,501.9	11,748.3	12,018.7	12,602.2	12,712.1	12,758.7	12,705.7	11,888.8	11,744.5	11,499.4
—■— AVTEC	9,067.3	9,106.1	9,631.6	10,322.4	10,942.5	10,877.1	10,758.6	10,249.8	10,286.9	10,125.8	9,962.1
—■— Labor Standards and Safety	6,412.5	6,616.9	6,809.0	7,111.4	7,295.3	7,419.3	7,320.6	7,240.1	7,190.2	7,233.6	7,133.0
—*— Commissioner and Admin Svcs	7,369.7	7,502.6	7,397.3	8,693.1	8,787.0	9,334.6	7,875.6	6,853.0	5,896.2	5,641.9	5,496.9
—x— Vocational Rehabilitation	4,940.2	5,300.0	5,447.2	5,538.8	5,918.1	6,018.7	5,977.8	5,673.1	4,806.8	4,805.3	4,817.6
—▲— Business Partnerships	18,325.7	19,045.4	18,695.1	18,639.7	19,064.3	18,550.6	19,267.3	15,356.6	-	-	-
—◆— Employment Security	2,107.6	2,112.7	2,119.5	2,132.5	2,145.9	2,151.1	2,150.3	1,958.8	-	-	-

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

Overall, the Department's total budget has *decreased* \$26.4 million (15%) between FY09 and FY19Gov.

Currently, the Department is organized with six appropriations (following the merger of **Business Partnerships** and **Employment Security** into **Employment and Training Services** in FY17).

The funding volatility in **Business Partnerships** is primarily due to the addition of funds (FY09 and FY10) 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.



	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18MgtPln	19GovAdj
Employment & Training Services	47,480.4	55,576.4	59,389.4	59,805.5	60,122.0	57,110.7	54,767.4	52,041.8	79,924.3	79,198.7	67,515.5
Vocational Rehabilitation	24,355.7	26,747.7	26,536.8	25,652.5	26,991.7	27,118.6	26,988.8	26,779.2	25,449.6	24,876.0	24,372.9
Commissioner and Admin Svcs	21,026.4	21,256.5	22,982.1	24,198.7	24,414.4	25,167.3	23,486.3	22,570.7	20,362.7	20,109.3	18,334.2
AVTEC	11,866.9	12,219.6	12,868.3	15,242.6	16,126.9	16,097.7	15,806.3	15,304.3	14,940.5	14,795.9	14,590.3
Workers' Compensation	11,264.9	11,501.9	11,748.3	12,018.7	12,602.2	12,712.1	12,758.7	12,705.7	11,888.8	11,744.5	11,499.4
Labor Standards and Safety	10,071.5	10,608.8	10,882.7	11,260.4	11,529.6	11,688.9	11,502.8	11,497.9	11,236.5	11,308.0	10,797.4
Business Partnerships	44,161.0	54,011.7	50,800.3	45,236.1	41,376.5	38,398.1	36,584.2	32,704.2	-	-	-
Employment Security	3,258.2	3,265.1	3,523.5	3,389.7	3,406.7	3,413.1	3,412.2	3,222.2	-	-	-

Commissioner and Administrative Services

Allocation and/or Program	Funding (in thousands)	# of Positions Budgeted/ Filled*	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitutionally Required	Federally Required	Required by Statute
Commissioner and Administrative Services Total	\$18,334.2: \$5,375.4 UGF; \$121.5 DGF; \$5,586.7 Other; \$7,250.6 Fed	89/74 PFT 1/0 NP			Critical	High	Partially	Partially	Yes; 44.31
Commissioner's Office	\$1,002.3: \$486.1 UGF; \$516.2 Other	5/5 PFT			Critical	High	Partially	Yes	Yes; 44.31
Workforce Investment Board	\$476.0 Other	3/3 PFT			Critical	High	No	Yes	Yes; 23.15.550-.850
Alaska Labor Relations Agency	\$538.6 UGF	3/3 PFT	65,000		Critical	High	No	No	Yes; 23.05.360-.390
Management Services	\$3,792.4: \$348.5 UGF; \$1,063.7 Other; \$2,380.2 Fed	28/26 PFT			Important	High	No	Yes	Yes; 37.05
Leasing	\$2,687.5 UGF	0			Important	High	No	No	Yes; 36.30.080
Data Processing	\$5,606.9: \$171.0 UGF; \$1,907.3 Other; \$3,528.6 Fed	19/13 PFT			Important	High	No	Yes	Yes; 23.20.005(b)
Labor Market Information	\$4,230.5: \$1,143.7 UGF; \$121.5 DGF; \$1,623.5 Other; \$1,341.8 Fed	31/24 PFT 1/0 NP	820,000 website visits and 134,000 downloads		Critical	High	No	Yes	Yes; 44.31.020(2)&(4)

*The number of filled positions is changing constantly. This data is as of December 15, 2017.



Workers' Compensation

Allocation and/or Program	Funding (in thousands)	# of Positions Budgeted/ Filled*	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitutionally Required	Federally Required	Required by Statute
Workers' Compensation Division	\$11,499.4 DGF	51/47 PFT	417,056	100%	Critical	Mostly High	No	No	Yes; 23.30
Workers' Compensation	\$5,671.0 DGF	44/41 PFT	416,459	100%	Critical	High	No	No	Yes; 23.30.005-.400
Workers' Compensation Appeals Commission	\$421.6 DGF	2/2 PFT	65	100%	Status Quo	Low	No	No	Yes; 23.30.007-.009
Workers' Compensation Benefits Guaranty Fund	\$774.9 DGF	1/1 PFT	18	100%	Critical	High	No	No	Yes; 23.30.082
Second Injury Fund	\$3,244.8 DGF	2/2 PFT	91	100%	Status Quo	Moderate	No	No	Yes; 23.30.040
Fishermen's Fund	\$1,387.1 DGF	2/1 PFT	423	100%	Critical	High	No	No	Yes; 23.35.010-.150

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Labor Standards and Safety

Allocation and/or Program	Funding (in thousands)	# of Positions Budgeted/ Filled*	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitutionally Required	Federally Required	Required by Statute
Labor Standards and Safety Division	\$10,797.4: \$2,054.0 UGF; \$5,079.0 DGF; \$1,717.8 Other; \$1,946.6 Fed	80/64 PFT	138,410	49%	Critical	High	No	Partially	Yes; 18.60 & 23.05
Wage and Hour Administration	\$2,371.1: \$1,767.5 UGF; \$603.6 Other	21/18 PFT	102,600	None	Critical	High	No	No	Yes; 23.05.130-.340
Mechanical Inspection	\$2,847.6: \$2,162.6 DGF; \$685.0 Other	21/18 PFT	16,500	76%	Critical	High	No	No	Yes; 18.60, 08.18
Occupational Safety and Health	\$5,417.9: \$286.5 UGF; \$2,916.4 DGF; \$268.4 Other; \$1,946.6 Fed	38/28 PFT	19,000	54%	Critical	High	No	Yes	Yes; 18.60
Alaska Safety Advisory Council	\$160.8 Other	0	310	100%	Status Quo	Moderate	No	No	Yes; 18.60.830-.840

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Employment and Training Services

Allocation and/or Program	Funding (in thousands)	# of Positions Budgeted/ Filled*	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitutionally Required	Federally Required	Required by Statute
Employment and Training Services Division	\$67,515.5: \$3,815.4 UGF; \$13,486.1 DGF; \$5,086.6 Other; \$45,127.4 Fed	288/261 PFT 34/20 PPT 5/4 NP	264,682	18%	Critical	High	No	Yes	Yes; 23.20 & 44.31.020(5)
Employment and Training Services Administration	\$1,126.8: \$197.6 Other; \$929.2 Fed	8/8 PFT		None	Critical	High	No	Yes	Yes; 23.20
Workforce Services	\$17,211.3: \$758.3 DGF; \$4,599.2 Other; \$11,853.8 Fed	98/91 PFT	98,760	4%	Critical	High	No	Yes	Yes; 23.20
Workforce Development (WD)	\$26,106.5: \$3,815.4 UGF; \$11,899.5 DGF; \$10,391.6 Fed	30/27 PFT 5/4 NP	10,531	41%	Critical	High	No	Yes	Yes; 23.15.620, 23.15.830, 44.31.020(5)
Unemployment Insurance	\$23,070.9: \$828.3 DGF; \$289.8 Other; \$21,952.8 Fed	152/135 PFT 34/20 PPT	155,391 UI calls	3%	Critical	High	No	Yes	Yes; 23.20

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Employment and Training Services – WD Programs

Allocation and/or Program	Funding (in thousands)	# of Filled Positions	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitutionally Required	Federally Required	Required by Statute
Construction Academy Training	\$1,861.4 UGF	0.25 PFT	595		Critical	High	No	No	No
Adult Basic Education	\$1,954.0 UGF; \$1,263.4 Fed	2 PFT	2,074		Critical	High	No	Yes	Yes; 44.31.020(6)
State Training and Employment Program	\$8,036.8 DGF	2 PFT	2,509	100%	Critical	High	No	No	Yes; 23.15.620
Technical and Vocational Education Program	\$3,862.7 DGF	0.5 PFT	3,373	100%	Critical	High	No	No	Yes; 44.31.020(5)
Workforce Innovation and Opportunity Act	\$7,365.0 Fed	2.5 PFT	1,746		Critical	High	No	Yes	Yes; 23.15.835(d)
Senior Community Service Employment Program	\$1,688.8 Fed	1 PFT	234		Critical	High	No	Yes	No



Vocational Rehabilitation

Allocation and/or Program	Funding (in thousands)	# of Positions Budgeted/ Filled*	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitutionally Required	Federally Required	Required by Statute
Vocational Rehabilitation Division	\$24,372.9: \$4,617.6 UGF; \$200.0 DGF; \$798.1 Other; \$18,757.2 Fed	122/110 PFT 1/1 NP	10,350	1%	Critical	High	No	Yes	Yes; 23.15
Vocational Rehabilitation Administration	\$1,216.0: \$270.0 Other; \$946.0 Fed	7/7 PFT			Critical	High	No	Yes	Yes; 23.15
Client Services	\$16,671.3: \$4,450.6 UGF; \$200.0 DGF; \$125.0 Other; \$11,895.7 Fed	88/80 PFT	3,400	2%	Critical	High	No	Yes	Yes; 23.15
Disability Determination	\$5,012.3: \$283.4 Other; \$4,728.9 Fed	27/23 PFT 1/1 NP	5,550		Critical	High	No	Yes	Yes; 23.15
Special Projects**	\$1,473.3: \$167.0 UGF; \$119.7 Other; \$1,186.6 Fed	0	1,400		Critical	High	No	Yes	Yes; 23.15

*The number of filled positions is changing constantly. This data is as of December 15, 2017.

**This includes a federal grant and required state match funding for Supported Employment, which is allocated to Youth with the most significant disabilities. This also includes the federally funded assistive technology program that helps disabled Alaskans test and identify technology that can assist them.



Alaska Vocational Technical Center (AVTEC)

Allocation and/or Program	Funding (in thousands)	# of Positions Budgeted/ Filled*	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitutionally Required	Federally Required	Required by Statute
Alaska Vocational Technical Center Division	\$14,590.3: \$4,761.8 UGF; \$5,200.3 DGF; \$3,812.9 Other; \$815.3 Fed	61/57 PFT 17/15 PPT 5/5 NP	1,390	42%	Critical	High	No	No	Yes; 44.31.020(7)
Alaska Vocational Technical Center	\$12,728.8: \$4,761.8 UGF; \$5,200.3 DGF; \$1,951.4 Other; \$815.3 Fed	55/51 PFT 13/12 PPT 3/3 NP	1,390	48%	Critical	High	No	No	Yes; 44.31.020(7)
AVTEC Facilities Maintenance	\$1,861.5 Other	6/6 PFT 4/3 PPT 2/2 NP	1,390		Critical	High	No	No	Yes; 37.07.020(e)

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Department Five-Year Health Care Trends

Labor & Workforce			FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Employer Health Contribution	UGF		2,409.2	2,169.0	1,823.8	1,724.0	1,735.1	1,673.7
	All Other Funds		11,949.2	11,482.3	10,767.2	10,264.7	10,826.4	10,715.0
Workers Comp			850.7	827.5	726.6	711.0	622.7	566.1
Budgeted Health Care Total Costs			15,209.1	14,478.8	13,317.5	12,699.7	13,184.2	12,954.8
Overall Budget	UGF		35,404.0	33,448.0	25,831.5	22,591.9	20,992.0	20,624.2
	All Other Funds		156,302.5	151,858.7	150,994.5	142,257.2	141,040.4	126,485.5
Labor & Workforce Total Budget			191,706.5	185,306.7	176,826.0	164,849.1	162,032.4	147,109.7
Percent Health Care			7.9%	7.8%	7.5%	7.7%	8.1%	8.8%



What is Vacancy Factor

Vacancy Factor: The percentage by which personal services are purposely underfunded. Minimum and maximum vacancy factors are suggested by OMB and increase with the number of full-time positions.

Number of Full-Time Positions	Minimum Vacancy Factor	Maximum Vacancy Factor
10 or less	0%	3%
11 to 20	1%	4%
21 to 30	2%	5%
31 to 50	3%	6%
51 plus	4%	7%

*Note: The minimum vacancy factor is optional and may be set lower than the identified minimum.



Department FY2019 Vacancy Factor

Division	Number of PCNs	Total Pre-Vacancy PCN Cost	Vacancy %	Vacancy	Lump Sum & Board Honoraria	Total Authorized
Commissioner and Administrative Services	90	\$ 10,999.3	3.1%	\$ 342.9		\$ 10,656.4
Workers' Compensation	51	\$ 5,297.2	3.8%	\$ 201.0	\$ 87.7	\$ 5,183.9
Labor Standards and Safety	80	\$ 8,377.6	4.5%	\$ 378.3	\$ 1.5	\$ 8,000.7
Employment and Training Services	327	\$ 33,005.0	4.1%	\$ 1,340.3		\$ 31,664.7
Vocational Rehabilitation	123	\$ 13,110.6	4.9%	\$ 642.3		\$ 12,468.3
Alaska Vocational Technical Center (AVTEC)	83	\$ 8,228.8	4.8%	\$ 396.0		\$ 7,832.7
Total	754	\$ 79,018.4	4.2%	\$ 3,300.8	\$ 89.1	\$ 75,806.7



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

Alaska Department of Labor and
Workforce Development

Acting Commissioner Greg Cashen

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ACTING COMMISSIONER GREG CASHEN