



30th Alaska State Legislature  
House Finance Budget Subcommittee  
Department of Labor  
FY19 Operating Budget

*Chair:*

Rep. Neal Foster  
Capitol Room 410  
465-3789

*Members:*

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Capitol Room 403  
465-4766

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Capitol Room 412  
465-4976

Rep. Andy Josephson  
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Capitol Room 410  
465-3438

*Committee Aide:*  
*Brodie Anderson*  
465-3789

**HOUSE FINANCE DEPARTMENT OF LABOR  
FY2019 HOUSE FINANCE BUDGET SUBCOMMITTEE  
NARRATIVE REPORT  
February 21, 2018**

**SUBCOMMITTEE MEETINGS:**

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development scheduled 4 meetings and held 3 meetings with the Department during the review of the FY19 budget request.

**RECOMMENDATIONS:**

The Chair of the House Finance Budget Subcommittee for the Department of Labor submits a recommended operating budget for FY2019 to the House Finance Committee as follows:

**Fund Source:** (dollars are in thousands)

|                                  |                    |
|----------------------------------|--------------------|
| Unrestricted General Funds (UGF) | \$20,624.2         |
| Designated General Funds (DGF)   | \$35,586.3         |
| Other Funds                      | \$17,002.1         |
| Federal Funds                    | <u>\$73,897.1</u>  |
| <b>Total</b>                     | <b>\$147,109.7</b> |

The Unrestricted General Fund (UGF) difference from the FY2015 Management Plan to the FY2019 House Subcommittee budget recommendation is a reduction of \$12,792.4, a 38.3% decrease.

The Subcommittee recommendation reflects a total decrease in Unrestricted General Funds of \$367.8, a 1.8% reduction from the FY2018 Management Plan.

**Positions:**

|                     |            |
|---------------------|------------|
| Permanent Full-time | 691        |
| Permanent Part-time | 51         |
| <u>Temporary</u>    | <u>12</u>  |
| <b>Total</b>        | <b>754</b> |

**GOVERNOR'S AMENDMENTS:**

There were no Governor amendments for the Department of Labor and Workforce Development.

**BUDGET AMENDMENTS:**

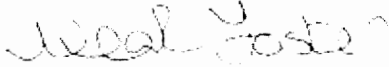
The Department of Labor and Workforce Development Budget House Finance Subcommittee did not have any amendments for the Department of Labor and Workforce Development Budget.

**ATTACHED LEGISLATIVE FINANCE REPORTS:**

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development adopts the attached reports:

- 1) Allocation Summary – House Structure
- 2) Multi-Year Agency Allocation Summary – Operating Budget

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Neal Foster", is written over a faint, light-colored signature line.

Representative Neal Foster, Chair  
House Finance Budget Subcommittee for the Department of Labor

**2018 Legislature - Operating Budget  
Allocation Summary - House Structure**

**Numbers and Language**

**Agency: Department of Labor and Workforce Development**

| <b>Allocation</b>              | <b>[1]<br/>19GovAdj</b> | <b>[2]<br/>HSub Rec</b> | <b>[2] - [1]<br/>19GovAdj to HSub Rec</b> |
|--------------------------------|-------------------------|-------------------------|---|
| Commissioner and Admin Svcs    |                         |                         |   |
| Commissioner's Office          | 1,002.3                 | 1,002.3                 | 0.0                                       |
| Workforce Investment Board     | 476.0                   | 476.0                   | 0.0                                       |
| Alaska Labor Relations Agency  | 538.6                   | 538.6                   | 0.0                                       |
| Management Services            | 3,792.4                 | 3,792.4                 | 0.0                                       |
| Leasing                        | 2,687.5                 | 2,687.5                 | 0.0                                       |
| Data Processing                | 5,606.9                 | 5,606.9                 | 0.0                                       |
| Labor Market Information       | 4,230.5                 | 4,230.5                 | 0.0                                       |
| <b>Appropriation Total</b>     | <b>18,334.2</b>         | <b>18,334.2</b>         | <b>0.0</b>                                |
| Workers' Compensation          |                         |                         |   |
| Workers' Compensation          | 5,671.0                 | 5,671.0                 | 0.0                                       |
| Workers' Comp Appeals Comm     | 421.6                   | 421.6                   | 0.0                                       |
| WC Benefits Guaranty Fund      | 774.9                   | 774.9                   | 0.0                                       |
| Second Injury Fund             | 3,244.8                 | 3,244.8                 | 0.0                                       |
| Fishermen's Fund               | 1,387.1                 | 1,387.1                 | 0.0                                       |
| <b>Appropriation Total</b>     | <b>11,499.4</b>         | <b>11,499.4</b>         | <b>0.0</b>                                |
| Labor Standards and Safety     |                         |                         |   |
| Wage and Hour Administration   | 2,371.1                 | 2,371.1                 | 0.0                                       |
| Mechanical Inspection          | 2,847.6                 | 2,847.6                 | 0.0                                       |
| Occupational Safety and Health | 5,417.9                 | 5,417.9                 | 0.0                                       |
| Alaska Safety Advisory Council | 160.8                   | 160.8                   | 0.0                                       |
| <b>Appropriation Total</b>     | <b>10,797.4</b>         | <b>10,797.4</b>         | <b>0.0</b>                                |
| Employment & Training Services |                         |                         |   |
| DETS Administration            | 1,126.8                 | 1,126.8                 | 0.0                                       |
| Workforce Services             | 17,211.3                | 17,211.3                | 0.0                                       |
| Workforce Development          | 26,106.5                | 26,106.5                | 0.0                                       |
| Unemployment Insurance         | 23,070.9                | 23,070.9                | 0.0                                       |

**2018 Legislature - Operating Budget  
Allocation Summary - House Structure**

**Numbers and Language**

**Agency: Department of Labor and Workforce Development**

| <u>Allocation</u>                             | <u>[1]<br/>19GovAdj</u> | <u>[2]<br/>HSub Rec</u> | <u>[2] - [1]<br/>19GovAdj to HSub Rec</u> |
|---|-------------------------|-------------------------|---|
| Employment & Training Services<br>(continued) |                         |                         |   |
| <b>Appropriation Total</b>                    | <b>67,515.5</b>         | <b>67,515.5</b>         | <b>0.0</b>                                |
| Vocational Rehabilitation                     |                         |                         |   |
| Voc Rehab Administration                      | 1,216.0                 | 1,216.0                 | 0.0                                       |
| Client Services                               | 16,671.3                | 16,671.3                | 0.0                                       |
| Disability Determination                      | 5,012.3                 | 5,012.3                 | 0.0                                       |
| Special Projects                              | 1,473.3                 | 1,473.3                 | 0.0                                       |
| <b>Appropriation Total</b>                    | <b>24,372.9</b>         | <b>24,372.9</b>         | <b>0.0</b>                                |
| AVTEC   |                         |                         |   |
| Alaska Vocational Tech Center                 | 12,728.8                | 12,728.8                | 0.0                                       |
| AVTEC Facilities Maintenance                  | 1,861.5                 | 1,861.5                 | 0.0                                       |
| <b>Appropriation Total</b>                    | <b>14,590.3</b>         | <b>14,590.3</b>         | <b>0.0</b>                                |
| <b>Agency Total</b>                           | <b>147,109.7</b>        | <b>147,109.7</b>        | <b>0.0</b>                                |
| Funding Summary                               |                         |                         |   |
| Unrestricted General (UGF)                    | 20,624.2                | 20,624.2                | 0.0                                       |
| Designated General (DGF)                      | 35,586.3                | 35,586.3                | 0.0                                       |
| Other State Funds (Other)                     | 17,002.1                | 17,002.1                | 0.0                                       |
| Federal Receipts (Fed)                        | 73,897.1                | 73,897.1                | 0.0                                       |

## Multi-year Allocation Summary - Operating Budget - FY 2019 House Structure

**Numbers and Language**

**Agency: Department of Labor and Workforce Development**

| Allocation                         | ID=><br>Session=><br>Column=> | [1]<br>2015<br>15MgtPln | [2]<br>2018<br>18MgtPln | [3]<br>2018<br>19GovAdj | [4]<br>2018<br>HSub Rec | [4] - [1]<br>2018<br>15MgtPln to HSub Rec | [4] - [2]<br>2018<br>18MgtPln to HSub Rec | [4] - [3]<br>2018<br>19GovAdj to HSub Rec |
|------------------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---|---|---|
| <b>Commissioner and Admin Svcs</b> |                               |                         |                         |                         |                         |   |   |   |
| Commissioner's Office              |                               | 1,463.4                 | 1,002.3                 | 1,002.3                 | 1,002.3                 | -461.1 -31.5 %                            | 0.0                                       | 0.0                                       |
| Workforce Investment Board         |                               | 675.9                   | 557.8                   | 476.0                   | 476.0                   | -199.9 -29.6 %                            | -81.8 -14.7 %                             | 0.0                                       |
| Alaska Labor Relations Agency      |                               | 596.5                   | 538.6                   | 538.6                   | 538.6                   | -57.9 -9.7 %                              | 0.0                                       | 0.0                                       |
| Management Services                |                               | 3,798.6                 | 3,965.7                 | 3,792.4                 | 3,792.4                 | -6.2 -0.2 %                               | -173.3 -4.4 %                             | 0.0                                       |
| Human Resources                    |                               | 277.9                   | 0.0                     | 0.0                     | 0.0                     | -277.9 -100.0 %                           | 0.0                                       | 0.0                                       |
| Leasing                            |                               | 3,892.8                 | 2,828.9                 | 2,687.5                 | 2,687.5                 | -1,205.3 -31.0 %                          | -141.4 -5.0 %                             | 0.0                                       |
| Data Processing                    |                               | 7,958.2                 | 6,696.7                 | 5,606.9                 | 5,606.9                 | -2,351.3 -29.5 %                          | -1,089.8 -16.3 %                          | 0.0                                       |
| Labor Market Information           |                               | 4,823.0                 | 4,519.3                 | 4,230.5                 | 4,230.5                 | -592.5 -12.3 %                            | -288.8 -6.4 %                             | 0.0                                       |
| <b>Appropriation Total</b>         |                               | <b>23,486.3</b>         | <b>20,109.3</b>         | <b>18,334.2</b>         | <b>18,334.2</b>         | <b>-5,152.1 -21.9 %</b>                   | <b>-1,775.1 -8.8 %</b>                    | <b>0.0</b>                                |
| <b>Workers' Compensation</b>       |                               |                         |                         |                         |                         |   |   |   |
| Workers' Compensation              |                               | 5,741.1                 | 5,653.0                 | 5,671.0                 | 5,671.0                 | -70.1 -1.2 %                              | 18.0 0.3 %                                | 0.0                                       |
| Workers' Comp Appeals Comm         |                               | 584.6                   | 443.3                   | 421.6                   | 421.6                   | -163.0 -27.9 %                            | -21.7 -4.9 %                              | 0.0                                       |
| WC Benefits Guaranty Fund          |                               | 772.6                   | 774.4                   | 774.9                   | 774.9                   | 2.3 0.3 %                                 | 0.5 0.1 %                                 | 0.0                                       |
| Second Injury Fund                 |                               | 4,008.1                 | 3,414.9                 | 3,244.8                 | 3,244.8                 | -763.3 -19.0 %                            | -170.1 -5.0 %                             | 0.0                                       |
| Fishermen's Fund                   |                               | 1,652.3                 | 1,458.9                 | 1,387.1                 | 1,387.1                 | -265.2 -16.1 %                            | -71.8 -4.9 %                              | 0.0                                       |
| <b>Appropriation Total</b>         |                               | <b>12,758.7</b>         | <b>11,744.5</b>         | <b>11,499.4</b>         | <b>11,499.4</b>         | <b>-1,259.3 -9.9 %</b>                    | <b>-245.1 -2.1 %</b>                      | <b>0.0</b>                                |
| <b>Labor Standards and Safety</b>  |                               |                         |                         |                         |                         |   |   |   |
| Wage and Hour Administration       |                               | 2,512.3                 | 2,393.8                 | 2,371.1                 | 2,371.1                 | -141.2 -5.6 %                             | -22.7 -0.9 %                              | 0.0                                       |
| Mechanical Inspection              |                               | 2,952.8                 | 2,992.5                 | 2,847.6                 | 2,847.6                 | -105.2 -3.6 %                             | -144.9 -4.8 %                             | 0.0                                       |
| Occupational Safety and Health     |                               | 5,911.9                 | 5,760.9                 | 5,417.9                 | 5,417.9                 | -494.0 -8.4 %                             | -343.0 -6.0 %                             | 0.0                                       |
| Alaska Safety Advisory Council     |                               | 125.8                   | 160.8                   | 160.8                   | 160.8                   | 35.0 27.8 %                               | 0.0                                       | 0.0                                       |
| <b>Appropriation Total</b>         |                               | <b>11,502.8</b>         | <b>11,308.0</b>         | <b>10,797.4</b>         | <b>10,797.4</b>         | <b>-705.4 -6.1 %</b>                      | <b>-510.6 -4.5 %</b>                      | <b>0.0</b>                                |
| <b>Employment Security</b>         |                               |                         |                         |                         |                         |   |   |   |
| Adult Basic Education              |                               | 3,412.2                 | 0.0                     | 0.0                     | 0.0                     | -3,412.2 -100.0 %                         | 0.0                                       | 0.0                                       |
| <b>Appropriation Total</b>         |                               | <b>3,412.2</b>          | <b>0.0</b>              | <b>0.0</b>              | <b>0.0</b>              | <b>-3,412.2 -100.0 %</b>                  | <b>0.0</b>                                | <b>0.0</b>                                |

# Multi-year Allocation Summary - Operating Budget - FY 2019 House Structure

Numbers and Language

Agency: Department of Labor and Workforce Development

| Allocation                                | ID=><br>Session=><br>Column=> | [1]<br>2015<br>15MgtPln | [2]<br>2018<br>18MgtPln | [3]<br>2018<br>19GovAdj | [4]<br>2018<br>HSub Rec | [4] - [1]<br>2018<br>15MgtPln to HSub Rec | [4] - [2]<br>2018<br>18MgtPln to HSub Rec | [4] - [3]<br>2018<br>19GovAdj to HSub Rec |
|---|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---|---|---|
| <b>Business Partnerships</b>              |                               |                         |                         |                         |                         |   |   |   |
| Business Services                         |                               | 28,470.6                | 0.0                     | 0.0                     | 0.0                     | -28,470.6 -100.0 %                        | 0.0                                       | 0.0                                       |
| AK Technical Center (Kotzebue)            |                               | 1,645.4                 | 0.0                     | 0.0                     | 0.0                     | -1,645.4 -100.0 %                         | 0.0                                       | 0.0                                       |
| SW AK Voc Educ Ctr Ops Grant              |                               | 543.5                   | 0.0                     | 0.0                     | 0.0                     | -543.5 -100.0 %                           | 0.0                                       | 0.0                                       |
| Yuut Operations Grant                     |                               | 1,045.4                 | 0.0                     | 0.0                     | 0.0                     | -1,045.4 -100.0 %                         | 0.0                                       | 0.0                                       |
| Northwest Alaska Center                   |                               | 748.5                   | 0.0                     | 0.0                     | 0.0                     | -748.5 -100.0 %                           | 0.0                                       | 0.0                                       |
| Partners for Progress In Delta            |                               | 348.5                   | 0.0                     | 0.0                     | 0.0                     | -348.5 -100.0 %                           | 0.0                                       | 0.0                                       |
| Amundsen Educational Center               |                               | 232.3                   | 0.0                     | 0.0                     | 0.0                     | -232.3 -100.0 %                           | 0.0                                       | 0.0                                       |
| Construction Academy Training             |                               | 3,400.0                 | 0.0                     | 0.0                     | 0.0                     | -3,400.0 -100.0 %                         | 0.0                                       | 0.0                                       |
| Rural Apprenticeship Outreach             |                               | 150.0                   | 0.0                     | 0.0                     | 0.0                     | -150.0 -100.0 %                           | 0.0                                       | 0.0                                       |
| <b>Appropriation Total</b>                |                               | <b>36,584.2</b>         | <b>0.0</b>              | <b>0.0</b>              | <b>0.0</b>              | <b>-36,584.2 -100.0 %</b>                 | <b>0.0</b>                                | <b>0.0</b>                                |
| <b>Employment &amp; Training Services</b> |                               |                         |                         |                         |                         |   |   |   |
| DETS Administration                       |                               | 0.0                     | 1,369.7                 | 1,126.8                 | 1,126.8                 | 1,126.8 >999 %                            | -242.9 -17.7 %                            | 0.0                                       |
| Workforce Services                        |                               | 26,415.6                | 18,076.9                | 17,211.3                | 17,211.3                | -9,204.3 -34.8 %                          | -865.6 -4.8 %                             | 0.0                                       |
| Workforce Development                     |                               | 0.0                     | 31,288.5                | 26,106.5                | 26,106.5                | 26,106.5 >999 %                           | -5,182.0 -16.6 %                          | 0.0                                       |
| Unemployment Insurance                    |                               | 28,351.8                | 28,463.6                | 23,070.9                | 23,070.9                | -5,280.9 -18.6 %                          | -5,392.7 -18.9 %                          | 0.0                                       |
| <b>Appropriation Total</b>                |                               | <b>54,767.4</b>         | <b>79,198.7</b>         | <b>67,515.5</b>         | <b>67,515.5</b>         | <b>12,748.1 23.3 %</b>                    | <b>-11,683.2 -14.8 %</b>                  | <b>0.0</b>                                |
| <b>Vocational Rehabilitation</b>          |                               |                         |                         |                         |                         |   |   |   |
| Voc Rehab Administration                  |                               | 1,274.1                 | 1,277.9                 | 1,216.0                 | 1,216.0                 | -58.1 -4.6 %                              | -61.9 -4.8 %                              | 0.0                                       |
| Client Services                           |                               | 17,356.4                | 16,791.8                | 16,671.3                | 16,671.3                | -685.1 -3.9 %                             | -120.5 -0.7 %                             | 0.0                                       |
| Independent Living Rehab                  |                               | 1,811.2                 | 0.0                     | 0.0                     | 0.0                     | -1,811.2 -100.0 %                         | 0.0                                       | 0.0                                       |
| Disability Determination                  |                               | 5,209.0                 | 5,264.4                 | 5,012.3                 | 5,012.3                 | -196.7 -3.8 %                             | -252.1 -4.8 %                             | 0.0                                       |
| Special Projects                          |                               | 1,338.1                 | 1,541.9                 | 1,473.3                 | 1,473.3                 | 135.2 10.1 %                              | -68.6 -4.4 %                              | 0.0                                       |
| <b>Appropriation Total</b>                |                               | <b>26,988.8</b>         | <b>24,876.0</b>         | <b>24,372.9</b>         | <b>24,372.9</b>         | <b>-2,615.9 -9.7 %</b>                    | <b>-503.1 -2.0 %</b>                      | <b>0.0</b>                                |
| <b>AVTEC</b>                              |                               |                         |                         |                         |                         |   |   |   |
| Alaska Vocational Tech Center             |                               | 13,947.2                | 12,934.4                | 12,728.8                | 12,728.8                | -1,218.4 -8.7 %                           | -205.6 -1.6 %                             | 0.0                                       |
| AVTEC Facilities Maintenance              |                               | 1,859.1                 | 1,861.5                 | 1,861.5                 | 1,861.5                 | 2.4 0.1 %                                 | 0.0                                       | 0.0                                       |
| <b>Appropriation Total</b>                |                               | <b>15,806.3</b>         | <b>14,795.9</b>         | <b>14,590.3</b>         | <b>14,590.3</b>         | <b>-1,216.0 -7.7 %</b>                    | <b>-205.6 -1.4 %</b>                      | <b>0.0</b>                                |

## Multi-year Allocation Summary - Operating Budget - FY 2019 House Structure

**Numbers and Language**

**Agency: Department of Labor and Workforce Development**

|                            | ID=><br>Session=><br>Column=> | [1]<br>2015<br>15MgtPln | [2]<br>2018<br>18MgtPln | [3]<br>2018<br>19GovAdj | [4]<br>2018<br>HSub Rec | [4] - [1]<br>2018<br>15MgtPln to HSub Rec | [4] - [2]<br>2018<br>18MgtPln to HSub Rec | [4] - [3]<br>2018<br>19GovAdj to HSub Rec |
|----------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---|---|---|
| Agency Unallocated Approp  |                               |                         |                         |                         |                         |   |   |   |
| Agency Unallocated Approp  |                               | 0.0                     | 0.0                     | 0.0                     | 0.0                     | 0.0                                       | 0.0                                       | 0.0                                       |
| Appropriation Total        |                               | 0.0                     | 0.0                     | 0.0                     | 0.0                     | 0.0                                       | 0.0                                       | 0.0                                       |
|                            |                               |                         |                         |                         |                         |   |   |   |
| Agency Total               |                               | 185,306.7               | 162,032.4               | 147,109.7               | 147,109.7               | -38,197.0 -20.6 %                         | -14,922.7 -9.2 %                          | 0.0                                       |
| Funding Summary            |                               |                         |                         |                         |                         |   |   |   |
| Unrestricted General (UGF) |                               | 33,448.0                | 20,992.0                | 20,624.2                | 20,624.2                | -12,823.8 -38.3 %                         | -367.8 -1.8 %                             | 0.0                                       |
| Designated General (DGF)   |                               | 34,847.5                | 36,292.4                | 35,586.3                | 35,586.3                | 738.8 2.1 %                               | -706.1 -1.9 %                             | 0.0                                       |
| Other State Funds (Other)  |                               | 21,773.6                | 20,410.1                | 17,002.1                | 17,002.1                | -4,771.5 -21.9 %                          | -3,408.0 -16.7 %                          | 0.0                                       |
| Federal Receipts (Fed)     |                               | 95,237.6                | 84,337.9                | 73,897.1                | 73,897.1                | -21,340.5 -22.4 %                         | -10,440.8 -12.4 %                         | 0.0                                       |

## Column Definitions

**15MgtPln (FY15 Management Plan)** - Authorized level of expenditures at the beginning of FY15 plus position adjustments and transfers (made at an agency's discretion) within appropriations.

**18MgtPln (FY18 Management Plan)** - Authorized level of expenditures at the beginning of FY18 plus position adjustments and transfers (made at an agency's discretion) within appropriations.

**19GovAdj (FY19 Governor w/LFD Adjust)** - FY19 Governor's Request with LFD Adjustments for proposed legislation and budget actions that require a supermajority vote.

**HSub Rec (House Subcom Recommend)** - House Finance Subcommittee Recommendations to the House Finance Committee.