



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

**Department of Labor and  
Workforce Development**

ADMINISTRATIVE SERVICES  
Management Services

PO Box 111149  
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February 5, 2026

The Honorable Andy Josephson  
Co-Chair, House Finance Committee  
House of Representatives  
Alaska State Capitol, Room 505  
Juneau, AK 99801

The Honorable Calvin Schrage  
Co-Chair, House Finance Committee  
House of Representatives  
Alaska State Capitol, Room 401  
Juneau, AK 99801

The Honorable Neal Foster  
Co-Chair, House Finance Committee  
House of Representatives  
Alaska State Capitol, Room 511  
Juneau, AK 99801

Dear Co-Chairs Josephson, Foster, and Schrage:

Thank you for the opportunity to provide the FY2027 Department of Labor & Workforce Development (DOLWD) budget overview to the House Finance Committee. This letter is in response to questions raised by members during our hearing on Wednesday, January 28, 2026, which were not answered by Commissioner Muñoz or Director DeBartolo.

**Question 1: Is your federal funding increasing/decreasing? (Rep. Tomaszewski)**

Answer 1: DOLWD has a significant amount of excess authority each year to allow flexibility to capture increases in federal revenue should they become available. The chart below shows the difference between the amount of budgeted federal authority, and the actual revenues collected for FY2025 (\$ in thousands). While there are unknowns with the federal budget for the upcoming State fiscal year, the department anticipates a similar level of federal revenue collection in FY2027 as in FY2025.

February 5, 2026

Division	FY2025 Authorized	FY2025 Revenue	Excess Authority
Commission & Administrative Services	\$17,349.9	\$9,948.0	\$7,401.9
Workers' Compensation	\$-	\$-	\$-
Labor Safety & Standards	\$2,453.7	\$2,096.2	\$357.5
Employment & Training Services	\$49,539.9	\$42,901.5	\$6,638.4
Vocational Rehabilitation	\$23,588.7	\$19,680.0	\$3,908.7
AVTEC	\$815.3	\$245.6	\$569.7
<b>Total</b>	<b>\$93,747.5</b>	<b>\$74,871.3</b>	<b>\$18,876.2</b>

**Question 2: Where can someone find a list of State Training and Employment (STEP) grant recipients? (Rep. Tomaszewski)**

Answer 2: A list of the FY2026 STEP recipients, including their location, award amount, and organization description can be found on the department's webpage at <https://awib.alaska.gov/training-programs/step-grant-providers.html>.

**Question 3: Earlier this week, Governor Dunleavy opted into a program that would give federal tax breaks to families who donate to qualified Scholarship Granting Organizations. Is that something that AVTEC can take advantage of? (Rep. Bynum)**

Answer 3: This program is only available for K-12 programs, and as such, AVTEC does not qualify as a recipient of funds.

**Question 4: What will the department do, or purchase, with the one-time increment of \$1,405.0 to maintain Workers' Compensation operations? (Rep. Galvin)**


Answer 4: No new initiatives or purchases are planned. The Workers' Compensation (WC) division has been operating at a deficit due to increasing personal services costs and the declining revenue collection in the Workers' Safety and Compensation Administration Account (WSCAA).

In FY2025, WC faced a shortfall of \$995.9 (\$ in thousands), that the department was able to manage internally using limited carryforward funds from other divisions. In FY2026, personal services costs increased \$441.7. To mitigate a projected shortfall of \$1,437.6 this year at the FY2025 staffing levels, WC is operating at a 30 percent vacancy. This vacancy rate is untenable long-term and has significantly affected the division's ability to meet its statutory requirements. Additionally, the division will have another increase of \$269.6 in contractually required personal services costs in FY2027.

The FY2027 Governor request of \$1,405.0 will help cover personal services costs and allow the division to operate closer to a 10 percent vacancy rate, while allowing time to develop a solution to the structural funding issues in WC that currently rely solely on WSCAA.

Please let me know if you or the committee have any additional questions or would like more information.

Sincerely,

Signed by:  
  
 34335528AB4141C  
 Dan DeBartolo

Administrative Services Director

cc: Jordan Shilling, Legislative Director, Office of the Governor  
 Alexei Painter, Director, Legislative Finance Division