



30th Alaska State Legislature  
 House Finance Budget Subcommittee  
 Department of Labor  
 FY18 Operating Budget

**Chair:**

Rep. Neal Foster  
 Capitol Room 410  
 465-3789

**Members:**

Rep. Sam Kito  
 Capitol Room 403  
 465-4766

Rep. Adam Wool  
 Capitol Room 412  
 465-4976

Rep. Andy Josephson  
 Capitol Room 102  
 465-4939

Rep. Louise Stutes  
 Capitol Room 408  
 465-2487

Rep. Gary Knopp  
 Capitol Room 424  
 465-2693

Rep. Chris Birch  
 Capitol Room 112  
 465-4931

Rep. Colleen Sullivan-  
 Leonard  
 Capitol Room 420  
 465-4833

Rep. Lance Pruitt  
 Capitol Room 410  
 465-3438

**Committee Aide:**

**Brodie Anderson**  
 465-3789

**HOUSE FINANCE DEPARTMENT OF LABOR  
 FY2018 HOUSE FINANCE BUDGET SUBCOMMITTEE  
 NARRATIVE REPORT  
 February 24, 2017**

**SUBCOMMITTEE MEETINGS:**

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development held 6 meetings with the Department during the review of the FY18 budget request.

**RECOMMENDATIONS:**

The Chair of the House Finance Budget Subcommittee for the Department of Labor submits a recommended operating budget for FY2018 to the House Finance Committee as follows:

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

Unrestricted General Funds (UGF)	\$20,982.0
Designated General Funds (DGF)	\$36,292.4
Other Funds	\$20,410.1
Federal Funds	<u>\$84,337.9</u>
<b>Total</b>	<b>\$162,022.4</b>

The Unrestricted General Fund (UGF) difference from the FY2015 Management Plan to the FY2018 House Subcommittee budget recommendation is a reduction of \$12,466.0, a 37.3% decrease. The Subcommittee recommendation reflects a total decrease in Unrestricted General Funds of \$1,515.4, a 6.7% reduction from the FY2017 Management Plan.

**Positions:**

Permanent Full-time	710
Permanent Part-time	58
<u>Temporary</u>	<u>7</u>
<b>Total</b>	<b>775</b>

**GOVERNOR'S AMENDMENTS:**

The subcommittee chair recommends that the House Finance Committee consider the approval of all attached amendments from the Governor:

- 1) Accept the Governor's Alaska Technical and Vocational Education Formula Funding grantee decrement, DGF (1151 VoTech Ed) <\$448.6>

- 2) Accept the Governor's Alaska Technical and Vocational Education Formula Funding AVTEC decrement, DGF (1151 VoTech Ed) <\$224.3>

**BUDGET AMENDMENTS:**

The following budget amendments are submitted by the Subcommittee Chair to the House Finance Committee for consideration:

- 1) Fund Source Change of \$600.0 from Unrestricted General Fund (UGF) to Workers' Safety and Compensation Administration Account (1157 WSCAA) in Labor Standards and Safety, Occupational Safety and Health for the administrative expenses of state's workers' safety program.
- 2) Restore funding of \$600.0 from Unrestricted General Fund (UGF) for the Alaska Construction Academies and Regional Training Centers.

**ATTACHED LEGISLATIVE FINANCE REPORTS:**

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

- 1) Allocation Summary Report (All Funds) – Between FY2018 Governor and House Subcommittee (HSub)
- 2) Transaction Detail Report – House Structure (HSub Amends), including Governor Amendments

Respectfully submitted,



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

**2017 Legislature - Operating Budget  
Transaction Detail - House Structure  
HSub Amends Column**

**Numbers and Language**

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

	<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
<b>Labor Standards and Safety</b>												
<b>Occupational Safety and Health</b>												
<b>H DOL 1 - Maintain Workers' Safety Programs</b>												
	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Offered by Representative Foster												
There is a sufficient Workers' Safety and Compensation Administration Account (WSCAA) fund balance to support more of the state's workers' safety program expenses.												
WSCAA is a designated general fund revenue established via statute (AS 23.05.067) for the administrative expenses of the state's workers' safety programs under AS 18.80.												
	1003 G/F Match (UGF)	-600.0										
	1157 Wrkrs Safe (DGF)	600.0										
<b>* Allocation Total *</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>** Appropriation Total **</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

**Employment and Training Services  
Workforce Development**

<b>GA 10 2/15 Alaska Technical and Vocational Education Formula Funding</b>	Dec	-448.6	0.0	0.0	0.0	0.0	0.0	-448.6	0.0	0	0	0
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The Alaska Technical and Vocational Education Program (TVEP), is funded by 0.16 percent of employee contributions to the unemployment insurance trust fund. The taxable wages collected have declined more rapidly than originally anticipated. A reduction in TVEP authority is required in order to not overspend the fund. This is a new item for FY2018. It was not included in the FY2018 Governor's Budget due to timing of updated revenue collection projections.

The Alaska Technical and Vocational Education Program (TVEP), established under AS 23.15.830, provides non-competitive grants to institutions that are part of a statewide vocational training system. Institutions provide technical and vocational training programs that align with workforce regional demands.

The Department of Labor and Workforce Development's proposal for the TVEP

**2017 Legislature - Operating Budget  
Transaction Detail - House Structure  
HSub Amends Column**

**Numbers and Language**

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

	<u>Trans</u>	<u>Total</u>	<u>Personal</u>				<u>Capital</u>							
	<u>Type</u>	<u>Expenditure</u>	<u>Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>		

**Employment and Training Services (continued)**

**Workforce Development (continued)**

**GA 10 2/15** Alaska Technical and

Vocational Education Formula Funding (continued)

distribution in the FY2018 Governor's Budget assumed flat TVEP revenue FY2016 through FY2018. There was a carryforward balance from unspent prior year TVEP distributions at the end of FY2016 that was anticipated to be sufficient to cover reduced revenues in FY2017 and FY2018. Actual revenue collections through the first two quarters of FY2017 indicate taxable wages are declining faster than what was anticipated prior to the start of the fiscal year. An overall adjustment of \$1,319.2 is needed, bringing the total available for distribution to \$11,970.1.

The Workforce Development component grants TVEP funding to select institutions prescribed in AS 23.15.835(d). They are as follows:

Alaska Technical Center will receive \$1,077.3, or nine percent, of total receipts available. This decreases the component's authority \$118.7 from the FY2017 distribution level.

Amundsen Educational Center will receive \$239.4, or two percent, of total receipts available. This decreases the component's authority \$26.4 from the FY2017 distribution level.

Illisagvik College will receive \$598.5, or five percent, of total receipts available. This decreases the component's authority \$66.0 from the FY2017 distribution level.

Northwestern Alaska Career and Technical Center will receive \$359.1, or three percent, of total receipts available. This decreases the component's authority \$39.6 from the FY2017 distribution level.

Partners for Progress in Delta, Inc., will receive \$359.1, or three percent, of total receipts available. This decreases the component's authority \$39.6 from the

**2017 Legislature - Operating Budget  
Transaction Detail - House Structure  
HSub Amends Column**

**Numbers and Language**

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

	<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
<b>Employment and Training Services (continued)</b>												
<b>Workforce Development (continued)</b>												
GA 10 2/15 Alaska Technical and Vocational Education Formula Funding (continued) FY2017 distribution level.												
Southwest Alaska Vocational and Education Center will receive \$359.1, or three percent, of total receipts available. This decreases the component's authority \$39.6 from the FY2017 distribution level.												
Yuut Elitnaurviat, Inc. People's Learning Center will receive \$1,077.3, or nine percent, of total receipts available. This decreases the component's authority \$118.7 from the FY2017 distribution level.												
	1151 VoTech Ed (DGF)	-448.6										
<b>H DOL 2 - Restore Alaska Construction Academy Funding</b>	Inc	600.0	0.0	0.0	0.0	0.0	0.0	600.0	0.0	0	0	0
Offered by Representative Foster In accordance with legislative intent, the Governor's budget reduced the unrestricted general funds supporting the Construction Academy Training by \$600.0. This is shortsighted given there are already not enough trained Alaskans to meet workforce needs as evidenced by the high nonresident hire rate in these occupations. Restoring this funding is necessary to meet demand for a trained Alaskan workforce. Along with current Construction Academies, this funding still supports construction training at: Alaska Technical Center in Kotzebue \$150.0 Northwestern Alaska Career and Technical Center in Nome \$150.0 Southwest Alaska Vocational & Education Center in King Salmon \$50.0												
	1004 Gen Fund (UGF)	600.0										
<b>* Allocation Total *</b>		151.4	0.0	0.0	0.0	0.0	0.0	151.4	0.0	0	0	0
<b>** Appropriation Total **</b>		151.4	0.0	0.0	0.0	0.0	0.0	151.4	0.0	0	0	0

**Alaska Vocational Technical Center**

**2017 Legislature - Operating Budget  
Transaction Detail - House Structure  
HSub Amends Column**

**Numbers and Language**

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

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
<b>Alaska Vocational Technical Center (continued)</b>												
<b>Alaska Vocational Technical Center</b>												
<b>GA 11 2/15</b> Alaska Technical and Vocational Education Formula Funding	Dec	-224.3	0.0	0.0	-224.3	0.0	0.0	0.0	0.0	0	0	0
<p>The Alaska Technical and Vocational Education Program (TVEP), is funded by 0.16 percent of employee contributions to the unemployment insurance trust fund. The taxable wages collected have declined more rapidly than originally anticipated. A reduction in TVEP authority is required in order to not overspend the fund. This is a new item for FY2018. It was not included in the FY2018 Governor's Budget due to timing of updated revenue collection projections.</p> <p>The Alaska Technical and Vocational Education Program (TVEP), established under AS 23.15.830, provides non-competitive grants to institutions that are part of a statewide vocational training system. Institutions provide technical and vocational training programs that align with workforce regional demands.</p> <p>The Department of Labor and Workforce Development's proposal for the TVEP distribution in the FY2018 Governor's Budget assumed flat TVEP revenue FY2016 through FY2018. There was a carryforward balance from unspent prior year TVEP distributions at the end of FY2016 that was anticipated to be sufficient to cover reduced revenues in FY2017 and FY2018. Actual revenue collections through the first two quarters of FY2017 indicate taxable wages are declining faster than what was anticipated prior to the start of the fiscal year. An overall adjustment of \$1,319.2 is needed, bringing the total available for distribution to \$11,970.1.</p> <p>The Alaska Vocational Technical Center's (AVTEC) distribution is set by AS 23.15.835(d), and will receive \$2,034.9, or seventeen percent, of total receipts available. This decreases the component's authority \$224.3 from the FY2017 distribution level.</p>												
1151 VoTech Ed (DGF)		-224.3										
<b>* Allocation Total *</b>		-224.3	0.0	0.0	-224.3	0.0	0.0	0.0	0.0	0	0	0
<b>** Appropriation Total **</b>		-224.3	0.0	0.0	-224.3	0.0	0.0	0.0	0.0	0	0	0
<b>*** Agency Total ***</b>		-72.9	0.0	0.0	-224.3	0.0	0.0	151.4	0.0	0	0	0

**2017 Legislature - Operating Budget  
Transaction Detail - House Structure  
HSub Amends Column**

**Numbers and Language**

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

**\*\*\*\* All Agencies Total \*\*\*\***

<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
	-72.9	0.0	0.0	-224.3	0.0	0.0	151.4	0.0	0	0	0

## Column Definitions

**HSub Amends (House Subcom Amendments)** - House Finance Subcommittee Amendment Proposals submitted to the House Finance Committee.

**2017 Legislature - Operating Budget  
Allocation Summary - House Structure**

**Numbers and Language**

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

<u>Allocation</u>	<u>[1] 18Gov</u>	<u>[2] HSub Rec</u>	<u>[2] - [1] 18Gov to HSub Rec</u>	
Commissioner and Admin Svcs				
Commissioner's Office	1,002.3	1,002.3	0.0	
Workforce Investment Board	557.8	557.8	0.0	
Alaska Labor Relations Agency	538.6	538.6	0.0	
Management Services	3,965.7	3,965.7	0.0	
Human Resources	0.0	0.0	0.0	
Leasing	2,828.9	2,828.9	0.0	
Data Processing	6,696.7	6,696.7	0.0	
Labor Market Information	4,519.3	4,519.3	0.0	
<b>Appropriation Total</b>	<b>20,109.3</b>	<b>20,109.3</b>	<b>0.0</b>	
Workers' Compensation				
Workers' Compensation	5,653.0	5,653.0	0.0	
Workers' Comp Appeals Comm	443.3	443.3	0.0	
WC Benefits Guaranty Fund	774.4	774.4	0.0	
Second Injury Fund	3,414.9	3,414.9	0.0	
Fishermen's Fund	1,458.9	1,458.9	0.0	
<b>Appropriation Total</b>	<b>11,744.5</b>	<b>11,744.5</b>	<b>0.0</b>	
Labor Standards and Safety				
Wage and Hour Administration	2,393.8	2,393.8	0.0	
Mechanical Inspection	2,992.5	2,992.5	0.0	
Occupational Safety and Health	5,760.9	5,760.9	0.0	
Alaska Safety Advisory Council	160.8	160.8	0.0	
<b>Appropriation Total</b>	<b>11,308.0</b>	<b>11,308.0</b>	<b>0.0</b>	
Employment & Training Services				
DETS Administration	1,369.7	1,369.7	0.0	
Workforce Services	18,076.9	18,076.9	0.0	
Workforce Development	31,137.1	31,288.5	151.4	0.5 %

**2017 Legislature - Operating Budget  
Allocation Summary - House Structure**

**Numbers and Language**

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

<b>Allocation</b>	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec	
Employment & Training Services (continued)				
Unemployment Insurance	28,463.6	28,463.6	0.0	
<b>Appropriation Total</b>	<b>79,047.3</b>	<b>79,198.7</b>	<b>151.4</b>	<b>0.2 %</b>
Vocational Rehabilitation				
Voc Rehab Administration	1,277.9	1,277.9	0.0	
Client Services	16,791.8	16,791.8	0.0	
Disability Determination	5,264.4	5,264.4	0.0	
Special Projects	1,541.9	1,541.9	0.0	
<b>Appropriation Total</b>	<b>24,876.0</b>	<b>24,876.0</b>	<b>0.0</b>	
AVTEC				
Alaska Vocational Tech Center	13,148.7	12,924.4	-224.3	-1.7 %
AVTEC Facilities Maintenance	1,861.5	1,861.5	0.0	
<b>Appropriation Total</b>	<b>15,010.2</b>	<b>14,785.9</b>	<b>-224.3</b>	<b>-1.5 %</b>
<b>Agency Total</b>	<b>162,095.3</b>	<b>162,022.4</b>	<b>-72.9</b>	
Funding Summary				
Unrestricted General (UGF)	20,982.0	20,982.0	0.0	
Designated General (DGF)	36,365.3	36,292.4	-72.9	-0.2 %
Other State Funds (Other)	20,410.1	20,410.1	0.0	
Federal Receipts (Fed)	84,337.9	84,337.9	0.0	

## Column Definitions

**18Gov (FY18 Governor Request)** - Includes FY18 Adjusted Base plus the Governor's operating budget bill requests for increases (increments), decreases (decrements), fund source changes, and language transactions submitted by the Governor on December 15, 2016.

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