

State of Alaska FY2020 Governor's Operating Budget

Department of Labor and Workforce Development

Department of Labor and Workforce Development

Mission

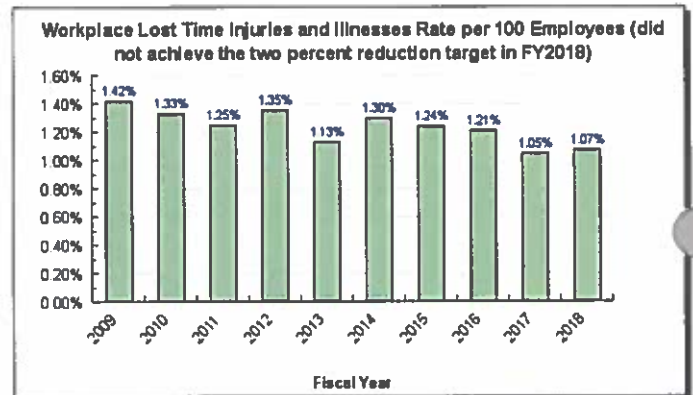
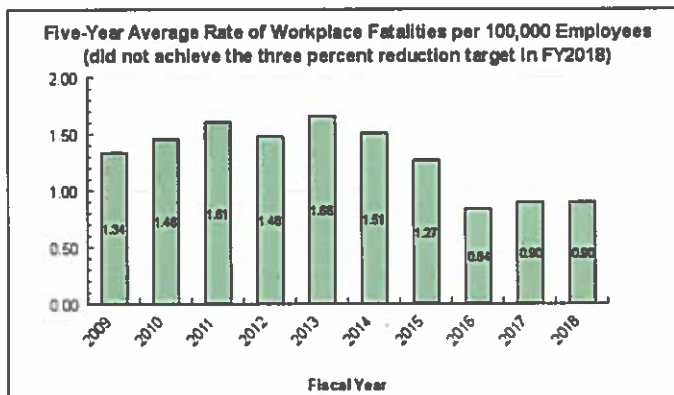
The mission of the Department of Labor and Workforce Development is to provide safe and legal working conditions and to advance opportunities for employment. AS 23.05.010

Core Services (in priority order)	UGF	DGF	Other	Fed	Total	PFT	PPT	NP	% GF
1 Protect Workers	2,958.0	5,179.1	2,105.5	2,514.9	12,757.5	90	0	0	14.4%
2 Workforce Development	16,382.6	18,174.8	12,869.6	43,051.2	90,478.2	334	17	6	61.2%
3 Income Replacement	1,356.6	12,412.8	2,129.2	28,941.2	44,839.8	253	33	1	24.4%
FY2019 Management Plan	20,697.2	35,766.7	17,104.3	74,507.3	148,075.5	677	50	7	

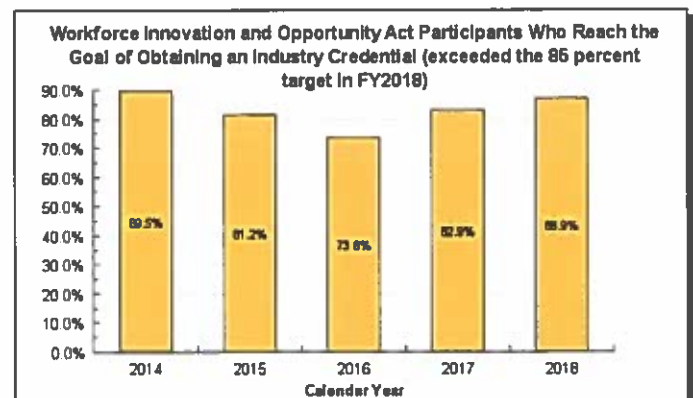
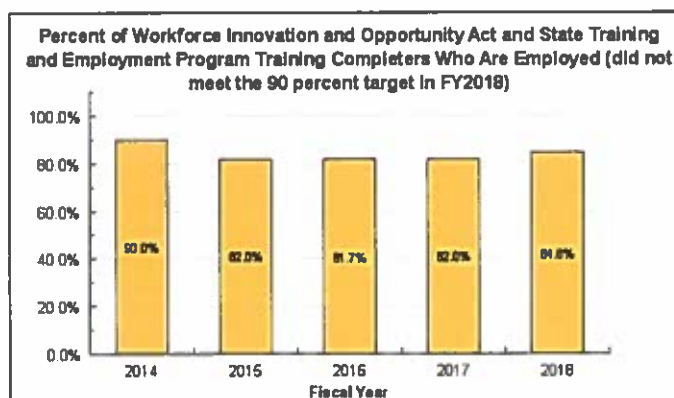
Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results.>)

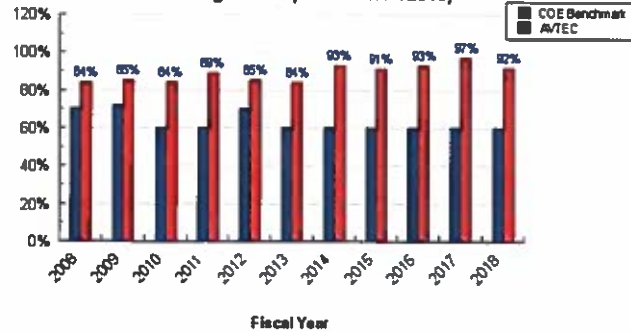
1. Protect Workers: Eliminate accidental injuries, fatalities, and occupational illnesses within the departmental jurisdiction.



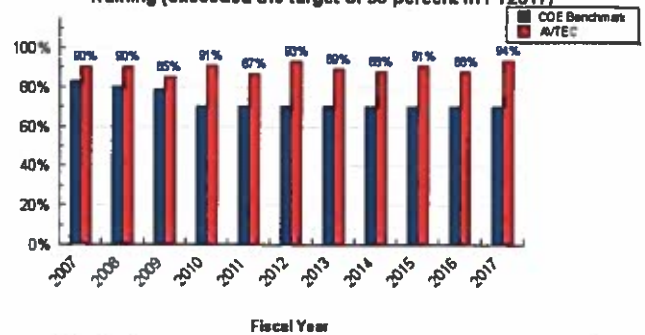
2. Workforce Development: Prepare Alaskans for Alaska's jobs.



Percent of AVTEC Long-Term Program Students Who Graduate (exceeded the target of 90 percent in FY2018)



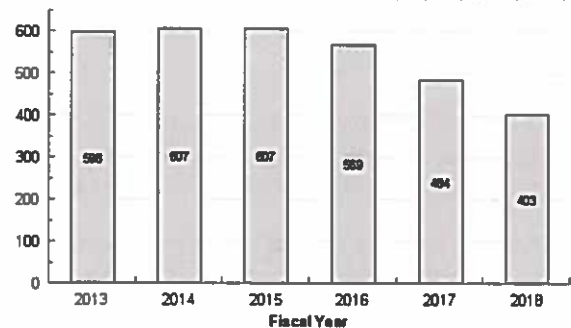
Percent of AVTEC Long-Term Program Graduates Employed in Their Area of Training (exceeded the target of 90 percent in FY2017)



Percentage of Nonresident Workers in Alaska (achieved the target of reducing the percentage of nonresident workers in Alaska in 2016; 2017 data will be available in January 2019)

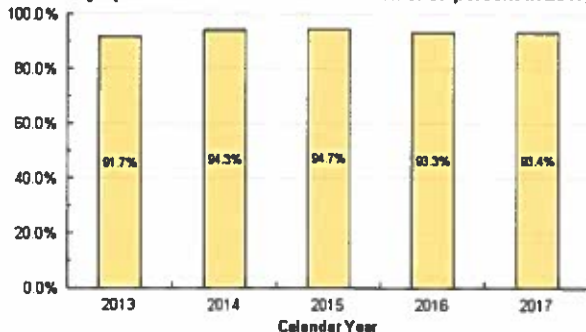


Vocational Rehabilitation Program Participants Employed (did not achieve the target of previous year's employed participants)

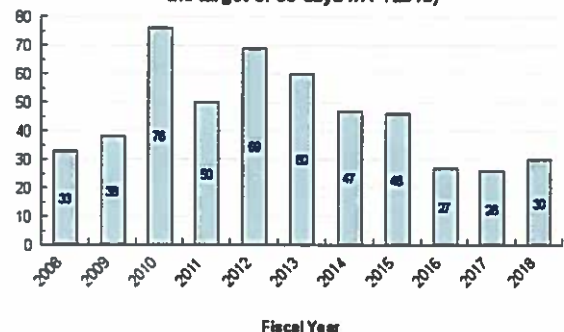


3. Income Replacement: Eligible Alaskans receive timely and accurate income replacement determinations and payments.

Percent of Initial Unemployment Insurance Payments Processed within 21 Days (exceeded the federal benchmark of 87 percent in 2017)



Average Number of Days to Process a Fishermen's Fund Claim (achieved the target of 30 days in FY2018)



Major Department Accomplishments in 2018

Provided below are department accomplishments by priority program area. Across all program areas, the department has identified cost savings and operational efficiencies resulting in lease consolidation and the elimination of positions.

Protect Workers

The Labor Standards and Safety division worked to implement Administrative Order No. 286, which ensures law-abiding state contractors are not out-bid by unscrupulous bidders who cut costs by deliberately or repeatedly depriving employees of basic rights, including minimum wage, overtime, workers' compensation, and a safe work environment.

The Wage and Hour Administration component collected \$1.2 million in wages, penalties, and interest owed to Alaska workers.

The Mechanical Inspection component conducted a total of 6,566 boiler, elevator, electrical, and plumbing inspections and 2,552 on-site construction project visits statewide to ensure contractor-licensing compliance.

The Occupational Safety and Health component worked with the Administration and the Legislature to enact legislation that strengthens safety standards for workers and maintains federal compliance for Alaska's occupational safety and health programs.

The Alaska Labor Relations Agency component issued 100 percent of its decisions in an average of 75 days, well below the target of 90 days.

Workforce Development

The Department developed the Alaska LNG Project Gasline Workforce Plan, reaffirming its commitment to maximize Alaska hire on the project.

The Division of Employment and Training Services (DETS) applied for and received a \$1.26 million federal grant to Address Alaska's Opioid crisis by providing employment and training services to Alaskans recovering from an opioid addiction and those in health care industry serving Alaskans with an opioid addiction.

DETS provided employment and training services to 12,463 Alaskans through the federal and state funded employment and training programs it administers.

DETS continued its efforts to expand apprenticeship as a proven resident hire initiative by providing consultation, guidance, and technical assistance to employers in the creation of 60 (49 registered by State of Alaska and 11 registered by United States Department of Labor) new registered apprenticeship programs in numerous occupations. These efforts resulted in the new Certified Nursing Assistant/Dementia Specialty apprenticeship program in the Alaska Pioneer Homes, and an overall increase in the number of health care Registered Apprenticeship programs (sponsors) from 22 to 67.

DETS served over 2,000 youth with disabilities through a credential career pathway program, internship programs, transition camps, and summer work experience through a federal Disability Employment Initiative grant.

The Division of Vocational Rehabilitation (DVR) successfully employed 406 disabled Alaskans through an Individualized Plan for Employment.

DVR served 802 transitioning high school seniors with disabilities in over 100 communities across Alaska, as a part of the Pre-Employment Transition Services program required by the federal Workforce Innovation and Opportunity Act.

DVR eliminated regulations that allowed sub-minimum wage for Alaskan workers who experience disabilities.

Alaska Vocational Technical Center (AVTEC) students achieved a 92 percent graduation rate.

AVTEC responded to employer workforce demand for shore side boat maintenance employees by developing a Marine Vessel Maintenance and Repair suite of training courses that can be customized for small shipyard employers and employees.

Income Replacement

The Division of Workers' Compensation (WC) worked with the Administration and the Legislature to enact legislation to realize efficiencies in Alaska's workers' compensation system and help combat worker misclassification by establishing a clear statutory definition of independent contractor.

WC continued efforts to address Alaska's high Workers' Compensation premiums with promulgation of the Medical

Services Review Committee recommendations to reduce WC health care costs.

WC finalized 72 failure to insure cases resulting in a total of \$2.4 million in penalties to be deposited into the Alaska Workers' Compensation Benefits Guaranty Fund, which pays benefits to workers injured while working for employers out of compliance with the Alaska Workers' Compensation Act.

The Unemployment Insurance (UI) component paid benefits to 34,117 claimants totaling over \$110 million.

UI has collected approximately \$4.4 million dollars to date through the Treasury Offset Program (TOP), which allows the garnishment of IRS tax returns of claimants who owe the UI Trust Fund due to fraudulent claims.

UI initiated several rapid response meetings due to the mass layoffs of more than 500 workers. Rapid response meetings are critical in educating laid off workers about the UI program, filing requirements, and available reemployment services.

The Disability Determination component processed 5,550 claim requests for Social Security Benefits.

Key Department Challenges

Given an unrestricted general fund cut of 38 percent from FY2015, the department is challenged with finding further cost savings without statutory changes. Statutory changes often take considerable time and effort to achieve. Provided below are additional challenges by priority program area.

Protect Workers

The Division of Labor Standards and Safety (LS&S) is challenged with turnover, which makes it difficult to maintain a highly skilled staff to meet program goals, including inspections.

LS&S is also challenged with upholding worker protections due to unpredictable legal costs associated with wage and hour, and occupational safety and health cases. These legal costs can quickly exceed budgeted amounts.

Workforce Development

The Division of Employment and Training Services is challenged with implementing a new information system to meet performance and reporting requirements of the Workforce Innovation and Opportunity Act.

The Alaska Vocational Technical Center is challenged with balancing the annual maintenance and operation of its facilities with unplanned emergency repair work required to address immediate health and safety issues.

Income Replacement

The Division of Workers' Compensation is challenged to realize further efficiencies and program improvements without statutory changes.

The Unemployment Insurance component is challenged with maintaining service levels given high staff turnover and a reduction of federal funds.

The Disability Determination program is challenged with implementing the Social Security Administration's (SSA) decision to reinstate the reconsideration level of review in Alaska. This includes hiring and training additional SSA-funded employees to process the workload.

Significant Changes in Results to be Delivered in FY2020

By the end of FY2020, the Division of Employment and Training Services will be using the single common intake system to integrate both job seeker and unemployment insurance services.

Contact Information

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FY2020 Capital Budget Request

Project Title	Unrestricted Gen (UGF)	Designated Gen (DGF)	Other Funds	Federal Funds	Total Funds
Alaska Vocational Technical Center (AVTEC) Deferred Maintenance	0	1,000,000	0	0	1,000,000
Department Total	0	1,000,000	0	0	1,000,000

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Summary of Department Budget Changes by RDU

From FY2019 Management Plan to FY2020 Governor

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2019 Management Plan	20,697.2	35,766.7	17,104.3	74,507.3	148,075.5
One-time items:					
-Commissioner and Administrative	0.0	0.0	-79.0	0.0	-79.0
-Workers' Compensation	0.0	-459.8	0.0	0.0	-459.8
-Employment & Training Svcs	0.0	0.0	-128.8	0.0	-128.8
Adjustments which continue current level of service:					
-Commissioner and Administrative	19.1	3.5	74.4	137.5	234.5
-Workers' Compensation	0.0	145.0	0.0	0.0	145.0
-Labor Standards and Safety	48.9	75.4	38.7	41.4	204.4
-Employment & Training Svcs	4.0	34.4	156.4	801.1	995.9
-Vocational Rehabilitation	91.9	0.0	5.1	299.7	396.7
-AVTEC	26.5	50.0	24.7	0.0	101.2
Proposed budget increases:					
-Commissioner and Administrative	7.7	0.0	75.0	0.0	82.7
-Labor Standards and Safety	0.0	0.0	24.2	0.0	24.2
-Employment & Training Svcs	0.0	473.8	0.0	0.0	473.8
-Vocational Rehabilitation	0.0	0.0	0.0	520.0	520.0
-AVTEC	0.0	361.7	0.0	0.0	361.7
FY2020 Governor	20,895.3	36,450.7	17,295.0	76,307.0	150,948.0

Department Totals
Department of Labor and Workforce Development

Description	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
Department Totals	133,463.5	148,183.0	148,075.5	148,075.5	150,948.0	2,872.5	1.9%
Objects of Expenditure:							
71000 Personal Services	69,075.2	76,880.0	76,880.0	74,034.7	75,865.0	1,830.3	2.5%
72000 Travel	648.3	817.2	817.2	860.7	835.7	-25.0	
73000 Services	26,551.9	29,095.2	28,994.6	31,931.8	32,684.0	752.2	2.4%
74000 Commodities	1,862.7	2,604.7	2,597.8	2,456.2	2,565.4	109.2	4.4%
75000 Capital Outlay	242.4	102.2	102.2	270.9	266.9	-4.0	-1.5%
77000 Grants, Benefits	35,083.0	38,683.7	38,683.7	38,521.2	38,731.0	209.8	0.5%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Funding Source:							
1002 Fed Rcpts (Fed)	66,163.7	74,567.2	74,507.3	74,507.3	76,307.0	1,799.7	2.4%
1003 G/F Match (UGF)	6,825.1	6,878.8	6,878.8	6,878.8	6,982.4	103.6	1.5%
1004 Gen Fund (UGF)	14,151.5	13,829.3	13,818.4	13,818.4	13,912.9	94.5	0.7%
1005 GF/Prgm (DGF)	2,946.1	3,513.1	3,513.1	3,513.1	3,665.8	152.7	4.3%
1007 I/A Rcpts (Other)	13,118.0	15,590.7	15,554.0	15,554.0	15,719.2	165.2	1.1%
1031 Sec Injury (DGF)	2,644.5	3,248.1	3,248.1	3,248.1	2,851.2	-396.9	-12.2%
1032 Gen Fund (DGF)	824.6	1,389.6	1,389.6	1,389.6	1,396.5	6.9	0.5%
1033 Bldg (DGF)	502.5	765.2	765.2	765.2	771.7	6.5	0.8%
1054 Empl Trng (DGF)	8,138.3	8,457.4	8,457.4	8,457.4	8,474.3	16.9	0.2%
1061 CIP Rcpts (Other)	93.7	98.0	98.0	98.0	99.8	1.8	1.8%
1092 MHTAAR (Other)	136.0	204.5	204.5	204.5	204.0	-0.5	-0.2%
1108 Stat Desig (Other)	935.1	1,122.8	1,122.8	1,122.8	1,147.0	24.2	2.2%
1117 VocRandSh (Other)	38.7	125.0	125.0	125.0	125.0	0.0	0.0%
1151 VoTech Ed (DGF)	6,467.7	6,141.5	6,141.5	6,141.5	6,889.2	747.7	12.2%
1157 Wrks Safe (DGF)	7,973.0	9,194.5	9,194.5	9,194.5	9,303.0	108.5	1.2%
1172 Bldg Safe (DGF)	1,851.9	2,082.4	2,082.4	2,082.4	2,120.5	38.1	1.8%
1203 WCBG Fund (DGF)	546.7	774.9	774.9	774.9	778.5	3.6	0.5%
1237 VocSmBus (DGF)	106.4	200.0	200.0	200.0	200.0	0.0	0.0%
Totals:							
Unrestricted Gen (UGF)	20,976.6	20,708.1	20,697.2	20,697.2	20,895.3	198.1	1.0%
Designated Gen (DGF)	32,001.7	35,766.7	35,766.7	35,766.7	36,450.7	684.0	1.9%
Other Funds	14,321.5	17,141.0	17,104.3	17,104.3	17,295.0	190.7	1.1%
Federal Funds	66,163.7	74,567.2	74,507.3	74,507.3	76,307.0	1,799.7	2.4%
Positions:							
Permanent Full Time	704	691	691	677	672	-5	-0.7%
Permanent Part Time	52	51	51	50	50	0	0.0%
Non Permanent	12	12	12	7	6	-1	-14.3%

Component Summary Unrestricted General Funds Only
Department of Labor and Workforce Development

Results Delivery Unit/ Component	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
Commissioner and Administrative Services							
Commissioner's Office	482.4	486.1	486.1	486.1	486.1	0.0	0.0%
Alaska Labor Relations Agency	503.1	538.6	538.6	538.6	538.6	0.0	0.0%
Management Services	345.3	351.3	344.4	344.4	353.9	9.5	2.8%
Leasing	2,828.9	2,687.5	2,687.5	2,687.5	2,687.5	0.0	0.0%
Data Processing	169.3	171.0	167.0	167.0	167.9	0.9	0.5%
Labor Market Information	1,135.7	1,160.8	1,160.8	1,160.8	1,177.2	16.4	1.4%
RDU Totals:	5,464.7	5,395.3	5,384.4	5,384.4	5,411.2	26.8	0.5%
Labor Standards and Safety							
Wage and Hour Administration	1,807.7	1,785.8	1,785.8	1,785.8	1,825.9	40.1	2.2%
Occupational Safety and Health	281.1	294.3	294.3	294.3	303.1	8.8	3.0%
RDU Totals:	2,088.8	2,080.1	2,080.1	2,080.1	2,129.0	48.9	2.4%
Employment and Training Services							
Workforce Development	3,808.2	3,821.6	3,821.6	3,821.6	3,825.6	4.0	0.1%
RDU Totals:	3,808.2	3,821.6	3,821.6	3,821.6	3,825.6	4.0	0.1%
Vocational Rehabilitation							
Client Services	4,438.3	4,473.6	4,473.6	4,473.6	4,565.5	91.9	2.1%
Special Projects	167.0	167.0	167.0	167.0	167.0	0.0	0.0%
RDU Totals:	4,605.3	4,640.6	4,640.6	4,640.6	4,732.5	91.9	2.0%
Alaska Vocational Technical Center AVTEC							
	5,009.6	4,770.5	4,770.5	4,770.5	4,797.0	26.5	0.6%
RDU Totals:	5,009.6	4,770.5	4,770.5	4,770.5	4,797.0	26.5	0.6%
Unrestricted Gen (UGF):	20,976.6	20,708.1	20,697.2	20,697.2	20,895.3	198.1	1.0%
Designated Gen (DGF):	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds:	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Total Funds:	20,976.6	20,708.1	20,697.2	20,697.2	20,895.3	198.1	1.0%

Component Summary All Funds
Department of Labor and Workforce Development

Results Delivery Unit/ Component	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
Commissioner and Administrative Services							
Commissioner's Office	927.5	1,002.3	1,002.3	1,002.3	1,002.3	0.0	0.0%
Workforce Investment Board	420.8	476.0	476.0	476.0	483.7	7.7	1.6%
Alaska Labor Relations Agency	503.1	538.6	538.6	538.6	538.6	0.0	0.0%
Management Services	3,340.7	3,864.1	3,835.1	3,835.1	3,909.5	74.4	1.9%
Leasing	2,828.9	2,687.5	2,687.5	2,687.5	2,687.5	0.0	0.0%
Data Processing	4,872.3	5,649.0	5,570.5	5,570.5	5,641.1	70.6	1.3%
Labor Market Information	3,469.1	4,283.1	4,283.1	4,283.1	4,368.6	85.5	2.0%
RDU Totals:	16,362.4	18,500.6	18,393.1	18,393.1	18,631.3	238.2	1.3%
Workers' Compensation							
Workers' Compensation	5,511.9	5,704.2	5,704.2	5,704.2	5,772.5	68.3	1.2%
Workers' Comp Appeals Comm	301.7	421.6	421.6	421.6	424.9	3.3	0.8%
WC Benefits Guaranty Fund	546.7	774.9	774.9	774.9	778.5	3.6	0.5%
Second Injury Fund	2,644.5	3,248.1	3,248.1	3,248.1	2,851.2	-396.9	-12.2%
Fishermen's Fund	824.6	1,389.6	1,389.6	1,389.6	1,396.5	6.9	0.5%
RDU Totals:	9,829.4	11,538.4	11,538.4	11,538.4	11,223.6	-314.8	-2.7%
Labor Standards and Safety							
Wage and Hour Administration	2,276.0	2,393.3	2,393.3	2,393.3	2,452.5	59.2	2.5%
Mechanical Inspection	2,630.8	2,915.4	2,915.4	2,902.1	2,961.2	59.1	2.0%
Occupational Safety and Health	4,632.3	5,532.6	5,532.6	5,545.9	5,632.0	86.1	1.6%
Occupational Safety Advisory Council	96.6	160.8	160.8	160.8	185.0	24.2	15.0%
RDU Totals:	9,635.7	11,002.1	11,002.1	11,002.1	11,230.7	228.6	2.1%
Employment and Training Services							
DETS Administration	1,096.9	1,148.9	1,148.9	1,381.7	1,405.7	24.0	1.7%
Workforce Services	14,891.1	17,343.1	17,343.1	17,629.0	17,874.7	245.7	1.4%
Workforce Development	25,774.5	26,171.9	26,171.9	26,045.9	26,600.5	554.6	2.1%
Unemployment Insurance	19,900.6	23,301.7	23,301.7	22,909.0	23,425.6	516.6	2.3%
RDU Totals:	61,663.1	67,965.6	67,965.6	67,965.6	69,306.5	1,340.9	2.0%
Vocational Rehabilitation							
Voc Rehab Administration	1,020.2	1,242.4	1,242.4	1,242.4	1,255.1	12.7	1.0%
Client Services	15,208.9	16,745.0	16,745.0	16,745.0	17,039.6	294.6	1.8%
Disability Determination	4,523.0	5,047.8	5,047.8	5,278.6	5,887.4	608.8	11.5%
Special Projects	1,031.4	1,473.3	1,473.3	1,242.5	1,243.1	0.6	0.0%
RDU Totals:	21,783.5	24,508.5	24,508.5	24,508.5	25,425.2	916.7	3.7%
Alaska Vocational Technical Center							
AVTEC	12,087.8	12,762.5	12,762.5	12,512.5	12,957.7	445.2	3.6%
AVTEC Facilities Maintenance	2,101.6	1,905.3	1,905.3	2,155.3	2,173.0	17.7	0.8%
RDU Totals:	14,189.4	14,667.8	14,667.8	14,667.8	15,130.7	462.9	3.2%
Unrestricted Gen (UGF):	20,976.6	20,708.1	20,697.2	20,697.2	20,895.3	198.1	1.0%
Designated Gen (DGF):	32,001.7	35,766.7	35,766.7	35,766.7	36,450.7	684.0	1.9%
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Total Funds:	133,463.5	148,183.0	148,075.5	148,075.5	150,948.0	2,872.5	1.9%

Component Summary All Funds
Department of Labor and Workforce Development

Results Delivery Unit/ Component	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
Permanent Full Time:	704	691	691	677	672	-5	-0.7%
Permanent Part Time:	52	51	51	50	50	0	0.0%
Non Permanent:	12	12	12	7	6	-1	-14.3%
Total Positions:	768	754	754	734	728	-6	-0.8%