

Department of Labor and Workforce Development
Summary of Budget Changes
(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Various	UGF Savings Associated with Administrative Efficiencies and Positions No Longer Needed	(\$776.6) Gen Fund (UGF) (9) PFT Positions	<p>UGF decrements associated with administrative efficiencies and positions no longer needed in the following appropriations total \$776.6 and include:</p> <p>Commissioner and Administrative Services Commissioner's Office, (\$35.0) - legal expense savings Management Services, (\$45.0) and 1 PFT - delete Admin. Asst. position Data Processing, (\$45.0) - shift focus to non-UGF funding sources Labor Market Information, (\$40.0) and 1 PFT - delete Office Asst. position</p> <p>Labor Standards & Safety Wage and Hour, (\$124.4) and 1 PFT - delete vacant Office Asst. position Occupational Safety and Health, (\$3.0)</p> <p>Employment and Training Services Unemployment Insurance, (\$173.2) and 2 PFTs - delete vacant Accounting Tech and Employment Security Analyst positions</p> <p>Vocational Rehabilitation Client Services, (\$84.3) and 2 PFTs - close Kodiak field office and eliminate two Vocational Rehab positions</p> <p>Alaska Vocational Technical Center (AVTEC) AVTEC, (\$226.7) and 2 PFTs - delete Maritime Instructional Aide and AVTEC instructor positions</p>
2	Various	Transfer Grants Unit Authority from Workforce Development to the Workforce Investment Board		<p>To eliminate the need for a reimbursable services agreement, the following grants unit authority, totaling \$16,380.0 and including 11 PFTs, is being transferred from the Workforce Development appropriation to the Workforce Investment Board in the Commissioner and Administrative Services appropriation:</p> <ul style="list-style-type: none"> - \$4,952.5 Federal Receipts - \$1,245.1 UGF - \$5,923.7 Employment Assistance and Training Program Account (STEP) (DGF) - \$4,258.7 Technical Vocational Education Program Receipts (TVEP) (DGF) <p>Fiscal Analyst Comment: The TVEP program is scheduled to sunset on June 30, 2020 and reauthorization is anticipated. The Governor's FY21 budget proposal holds TVEP funding flat from</p>

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2	Various	Transfer Grants Unit Authority from Workforce Development to the Workforce Investment Board		(continued) FY20 based on the following factors: - Due to the upcoming sunset, TVEP program allocations may be modified by the legislature and the distribution percentages beginning in FY21 are unknown at this time; - Currently, the actuarial analysis of the fund projects a FY21 balance to be materially similar to the current year. The department is holding the distribution steady until more information is available.
3	Labor Standards and Safety / Wage and Hour Administration	Replace UGF with GF/PR to Correct Categorization of Certified Payroll Filing Fees	Net Zero Change (\$1,400.0) Gen Fund (UGF) \$1,400.0 GF/Prgm (DGF)	The Wage and Hour Administration component collects certified payroll fees from contractors in Alaska under AS 36.05.045. Historically, the department has collected these fees and deposited them directly into the general fund, then requested unrestricted general fund appropriations. These receipts meet the definition of program receipts under AS 37.05.146(a). This change is necessary to correctly reflect certified payroll filing fee revenue as general fund program receipts.
4	Alaska Vocational Technical Center / Alaska Vocational Technical Center	Add Authority to Reflect Tuition and Fee Increases	\$250.0 GF/Prgm (DGF)	Add authority to collect and expend revenue from tuition and fee increases at the Alaska Vocational Technical Center (AVTEC). AVTEC is pursuing revenue generation opportunities to keep charges aligned with increasing instructional costs while still remaining more affordable than comparable post-secondary training providers in Alaska. AVTEC is increasing tuition rates by four percent as well as fees for student consumables and services related to technical instruction where expenditures are not fully supported by fee collection.
5	Alaska Vocational Technical Center / Alaska Vocational Technical Center	Add Authority for Contract Training in Response to Industry	\$234.1 Stat Desig (Other)	Additional authority is necessary to allow AVTEC to continue working with industry to provide focused, timely training to further develop Alaska's workforce, and to expend receipts collected from those non-state entities to conduct contracted trainings and support program operations.
6	Workers' Compensation / Second Injury Fund	LFD Adjustment to Restore Fiscal Note OTI Ch. 91 SLA 2018 (HB79) to Match the Governor's Bill	Net Zero Change	(\$400.0) Second Injury Fund (DGF) / \$400.0 Second Injury Fund (DGF) When HB 79 (Ch. 91, SLA 2018, Omnibus Workers' Compensation) was passed during the 2018 legislative session, the Second Injury Fund (SIF) provided a fiscal note stating that the fund could reduce expenditure authority for grants and benefits over five years until the expenditure authority was zeroed out. After further review, it has become clear that the fiscal note did not consider that 95% of SIF claims are for permanent total disability, meaning the claim will be paid for the life of the claimant. It will likely take decades for the fund liabilities to be fully absolved, and the division

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6	Workers' Compensation / Second Injury Fund	LFD Adjustment to Restore Fiscal Note OTI Ch. 91 SLA 2018 (HB79) to Match the Governor's Bill	Net Zero Change	<p>(continued)</p> <p>will require expenditure authority to make payments.</p> <p>Offsetting transactions of \$400.0 reflect both the projected savings presented to the legislature at the time of the bill's consideration, as well as the retained funding included in the Governor's FY21 proposal.</p> <p>Fiscal Analyst Comment: The referenced fiscal note also projected additional annual reductions of (\$400.0) through FY24. Based on the department's update that the Second Injury Fund will not be phased out in the near future, these reductions are not anticipated to occur.</p>
7	Commissioner and Administrative Services / Labor Market Information	Eliminate Training Clearinghouse Service	(\$45.0) Gen Fund (UGF)	<p>The department is eliminating the Alaska Training Clearing House service, an online tool for exploring post secondary training available in Alaska. Currently, Labor Market Information (LMI) maintains the Clearinghouse online; however, most information is publicly available on the internet. LMI does not have a statutory or regulatory requirement to collect or provide this data.</p>