

**1/25/12  
BUDGET  
OVERVIEW:  
DEPARTMENT OF  
LABOR AND  
WORKFORCE  
DEVELOPMENT**

<TARGET><BILL></BILL><SUBJECT>1-25-12 BUDGET OVERVIEW  
DEPARTMENT OF LABOR AND WORKFORCE  
DEVELOPMENT</SUBJECT><COMM>HFIN27</COMM></TARGET>

# STATE OF ALASKA

## Department of Labor and Workforce Development

OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

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January 30, 2012

The Honorable Bill Thomas, Jr.  
The Honorable Bill Stoltze  
Co-Chairs of House Finance  
State Capitol Building  
Juneau, AK 99801-1182

Dear Representatives Thomas and Stoltze,

Thank you for the opportunity to provide your committee with an overview of the Department of Labor and Workforce Development's FY2013 budget. Provided below are responses to questions raised during the hearing.

Question: How does the amount of Unemployment Insurance (UI) benefits paid in calendar year 2011 compare to the prior year?

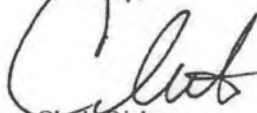
Answer: Total UI benefits paid decreased three percent from approximately \$302 million in 2010 to approximately \$293 million in 2011. At the same time, the number of insured workers receiving UI benefits actually increased three percent from 67,632 in 2010 to 69,723 in 2011.

Question: How is the health of the Fishermen's Fund since the benefit limit increase?

Answer: The Fishermen's Fund balance remains healthy, with a FY2011 year-end balance of \$11.5 million compared to a FY2009 year-end balance of \$11.7 million. Effective 6/26/10, the benefit amount that the Fishermen's Fund administrator can approve increased from \$2,500 to \$10,000. Previously, benefits above \$2,500 had to be approved through the Alaska Fishermen's Fund Advisory and Appeals Council.

If you need further assistance, please contact Brynn Keith, Administrative Services Director at 465-4518.

Sincerely,



Clark Bishop  
Commissioner

# Alaska Department of Labor and Workforce Development

FY13 Budget Overview  
House Finance Committee  
Commissioner Click Bishop  
January 25, 2012

# Department of Labor and Workforce Development

Mission: Provide safe and legal working conditions and advance opportunities for employment.

## Core Services

- **Statutory and Regulatory Assistance and Enforcement** to protect Alaska's workers through wage and child labor law enforcement, workplace safety compliance and enforcement, mechanical device inspection, and overseeing State of Alaska Americans with Disabilities Act compliance.
- **Income replacement** for injured, unemployed and permanently disabled workers. This includes the department's Workers' Compensation, Fisherman's Fund, Second Injury Fund, Unemployment Insurance and Disability Determination programs.
- **Workforce Development** to support Alaska hire through the department's employment services, adult basic education, business partnerships, career and technical education and training (including AVTEC—Alaska's Institute of Technology), and vocational rehabilitation services.

# Key Accomplishments

## Protect Workers

- The FY07 to FY11 five-year average rate of workplace fatalities is 1.44 per 100,000 employees; down from 1.46 last year.

## Income Replacement

- Unemployment benefits totaling \$293,184,753 were distributed to 69,723 insured workers.
- In FY11, the average time from receipt to payment of Fishermen's Fund approved claims was 24 days.

## Workforce Development

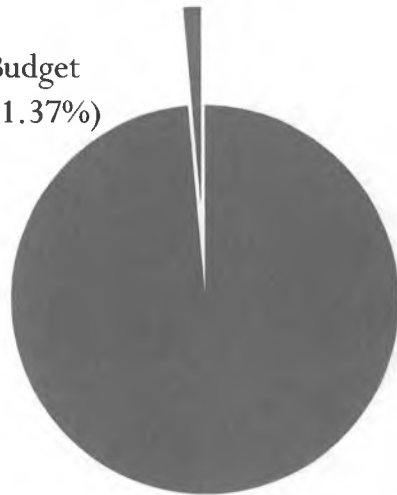
- The nonresident hire rate fell to 19.1 percent in 2009. (Data for 2010 will be available in late January.)
- The department served over 132,600 individuals through the job center network and online labor exchange system; 36,932 entered employment.
- AVTEC trained 1,464 individuals in FY11. Programs ranged from five days to eleven months. Long-term (greater than six weeks) programs saw a record-high graduation rate of 89 percent.
- 569 individuals were employed upon exiting the department's Vocational Rehabilitation program.

# Department of Labor and Workforce Development

FY13 Budget Request: \$198,582.3 Total (\$103,956.3 Fed; \$26,445.0 Other)

## FY12 Management Plan

Department of Labor  
UGF/DGF  
Operating Budget  
\$66,269.2 (1.37%)



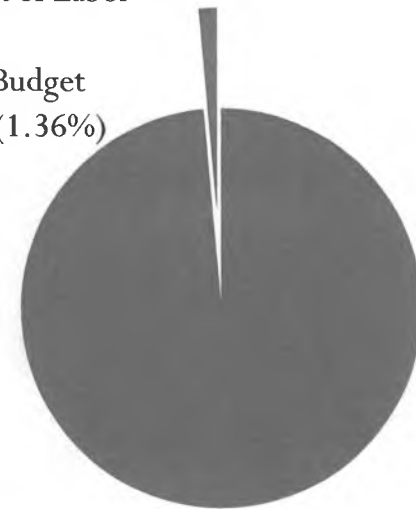
State of Alaska  
UGF/DGF Agency  
Operations Budget  
\$4,839,400.0

## Position Counts

Year	PFT	PPT	Temp
FY12	841	119	55
FY13	827	118	44
Change	-14	-1	-11

## FY13 Governor

Department of Labor  
UGF/DGF  
Operating Budget  
\$68,181.0 (1.36%)



State of Alaska  
UGF/DGF Agency  
Operations Budget  
\$4,998,000.0

### Significant FY13 Requests

Significant FY13 Requests	UGF	DGF
WSCAA Fund Source Change	\$ 2,000.0	\$ -2,000.0
AVTEC Registered Nurse Program	\$ 226.8	\$ 100.0
AVTEC GF/PR Fund Source Change	\$ 250.0	\$ -250.0
DVR Project SEARCH	\$ 100.0	
DVR Centers for Independent Living Expansion	\$ 200.0	

## FY13 Governor's Budget Overview

- **Workers Safety and Compensation Administration Account (WSCAA)** - The department is requesting to change the financial support of \$2,000.0 in ongoing operating expenses from WSCAA to Unrestricted General Funds due to fund sufficiency concerns.
- **AVTEC** - The department is requesting to change the financial support of \$250.0 in ongoing operating expenses within AVTEC from unrealizable receipts to Unrestricted General Funds. The department is also requesting funding (\$226.8 UGF, \$100.0 DGF) to support a Registered Nurse program.
- **Division of Vocational Rehabilitation** - The FY13 budget would increase the state's investment in disabled Alaskans.
- **Workers' Compensation Benefits Guaranty Fund** - The department is experiencing an increase in benefit payments. A collections officer within this component will help strengthen the fund balance, providing a sustainable fund source for future benefit payment obligations.

## FY12 Increment Updates

- **Career & Technical Education \$625.0 UGF** - The Workforce Investment Board approved 15 projects totaling \$568.3.
- **Film and Television Industry Training Grant \$486.0 UGF** - Grant application packets were issued early January. Review and notice of intent to award is scheduled for late February.
- **AVTEC Mariner Training Program \$48.0 UGF, \$51.0 DGF & 1 PPT** - Expanded Maritime offerings to include a Designated Duty Engineer Program. Curriculum is being developed.
- **AVTEC Distance Education Consortium Training Support \$100.0 Other & 1 NP**- Curriculum for the Village Internet Agent (VIA) course has been developed. 8 students are enrolled for the course that starts this winter.
- **AVTEC Health Professions Opportunity Grant \$481.8 Other & 2 NP** - AVTEC has received \$225.5 from the Cook Inlet Tribal Community to conduct CNA, LPN, and Medical Coding and Billing classes.