

**01/29/14  
BUDGET  
OVERVIEW  
FY 15:  
DEPARTMENT  
OF LABOR**

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FY 15 DEPARTMENT OF  
LABOR</SUBJECT><COMM>HFIN28</COMM></TARGET>



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

**Department of Labor and  
Workforce Development**

Office of the Commissioner

Post Office Box 111149  
Juneau, Alaska 99811  
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February 6, 2014

The Honorable Alan Austerman  
The Honorable Bill Stoltze  
Co-Chairs of House Finance  
State Capitol Building  
Juneau, AK 99801-1182

Dear Representatives Austerman and Stoltze,

Thank you for the opportunity to provide your committee with an overview of the Department of Labor and Workforce Development's FY2015 budget. Please accept the following in response to questions posed by members of the House Finance committee.

Question:

What is the cost per participant for Alaska Vocational Technical Center (AVTEC) training programs?

Answer:

Based on the FY2015 budget and the most recent fiscal year's enrollment, FY2013, the cost per participant is between \$10,134 and \$11,066, the attachment AVTEC Costs Per Student provides additional information for review.

Question:

What is the ratio of state funding to student funding?

Answer:

For the FY2015 Governors Budget, there is \$1.76 state funding for each \$1.00 of AVTEC receipts, please see attachment AVTEC Funding Ratios (01-06-14 update) for further information.

It is my understanding that any additional questions would be compiled in a punch list by the House Finance Subcommittee and forwarded to us to address. I would welcome the opportunity to speak with you further if desired.

Sincerely,

A handwritten signature in cursive script that reads "Dianne Blumer".

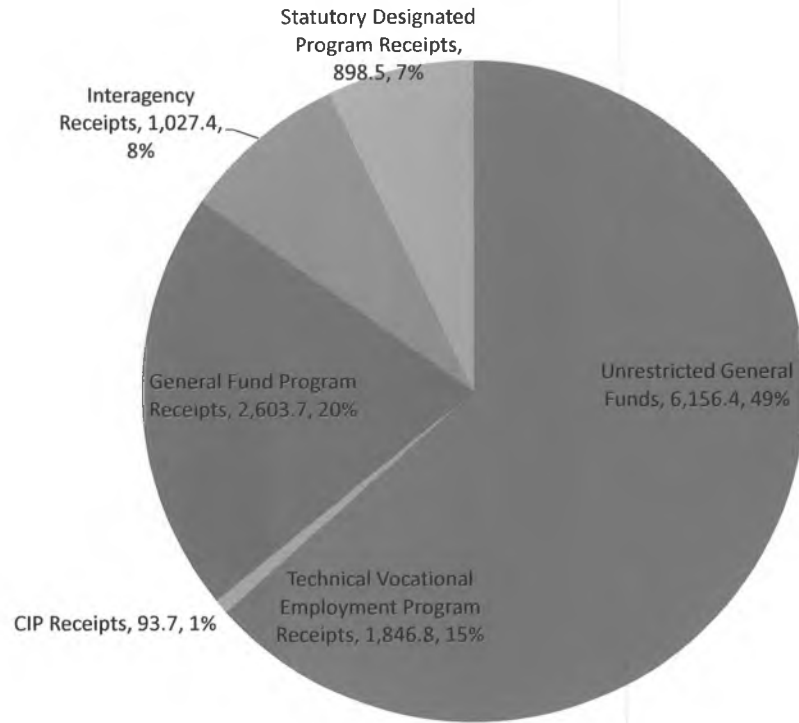
Dianne Blumer  
Commissioner

**Department of Labor and Workforce Development**  
**Alaska Vocational Technical Center Budget and Participant Information**  
 Prepared February 6, 2014

	<u>FY2015</u>	
	<u>Budget</u>	
Unrestricted General Funds	6,156.4	48.8%
Technical Vocational Employment Program Receipt	1,846.8	14.6%
CIP Receipts	93.7	0.7%
General Fund Program Receipts	2,603.7	20.6%
Interagency Receipts	1,027.4	8.1%
Statutory Designated Program Receipts	898.5	7.1%
Total in Thousands	12,626.5	
Total in Dollars	\$ 12,626,500	
Total FY2013 Long and Short Term Enrollment	1,141	
Cost per Participant in Dollars	\$ 11,066	
Total FY2013 Long and Short Term Capacity	1,246	
Cost per Potential Participant in Dollars	\$ 10,134	

\*Does not include federal pass-thru funds.

**AVTEC FY2015 Budget by Fund Source without Federal Pass-Thru Funds**



Department of Labor and Workforce Development  
 AVTEC Funding Ratios  
 FY13 thru FY15

AVTEC Ratio of UGF & GF/Prgm	13Mgt Plan	13Actuals	14MgtPlan	15 Gov
UGF	6,311.3	6,452.9	6,422.4	6,156.4
GF/Prgm	2,778.5	2,514.9	2,601.8	2,603.7
SDPR	787.2	785.6	900.0	898.5
<b>Total</b>	<b>9,877.00</b>	<b>9,753.40</b>	<b>9,924.20</b>	<b>9,658.60</b>
UGF divided by GF	64%	66%	65%	64%
GF/Prgm divided by GF	28%	26%	26%	27%
SDPR divided by GF	8%	8%	9%	9%
AVTEC's Funding Ratio*	\$ 1.77	\$ 1.96	\$ 1.83	\$ 1.76

\*AVTEC's funding ratio shows the amount of UGF for each dollar generated by AVTEC in tuition and donations. In the FY14 budget, \$1.83 of UGF is spent for each \$1.00 of AVTEC receipts.

# **Alaska Department of Labor and Workforce Development**

**House Finance  
Department Overview  
Commissioner Dianne Blumer  
January 29, 2014**



# Department of Labor and Workforce Development

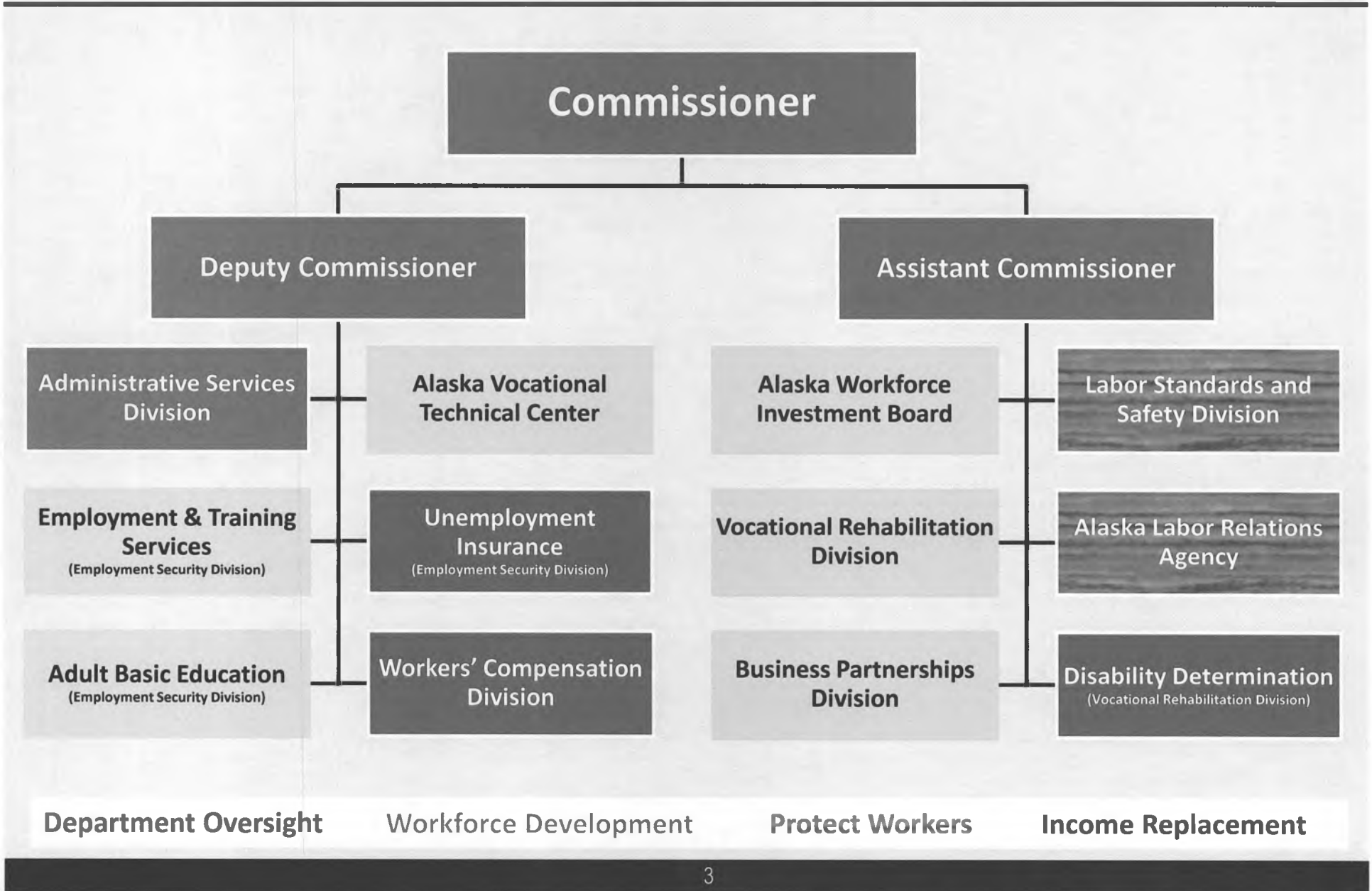
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**Mission: Provide safe and legal working conditions and advance opportunities for employment.**

## **Core Services:**

- **Protect Alaska's workers** through statutory and regulatory assistance and enforcement.
- **Income replacement** for injured, unemployed, and permanently disabled workers.
- **Workforce development** to support Alaska hire and economic development.

# Organization Chart



# Services by Location



# State and Private Partnerships

## State Partners

- **Veteran Services**
  - Department of Military and Veterans Affairs
  
- **Economic and Demographic Data Production**
  - Department of Health and Social Services
  - Department of Commerce, Community and Economic Development
  - Department of Education and Early Development
  
- **Prisoner Reentry**
  - Department of Corrections
  
- **Training and Education Program Outcomes**
  - Department of Education and Early Development
  - University of Alaska
  - Commission on Postsecondary Education

# State and Private Partnerships

## Private Partners

- **Training and Education**
  - Tribal Vocational Rehabilitation Programs
  - Community Rehabilitation Programs
  - Construction Education Foundation
  - Alaska Works Partnership
  - School Districts
  - Association of General Contractors
  - Home Building Associations
  - Regional Training Centers
  - Other Private Training Providers
  - Employers
- **Private Sector Membership on Boards and Commissions**
- **Centers for Independent Living**

# Development Challenges

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## **Maintaining services to Alaskans while managing:**

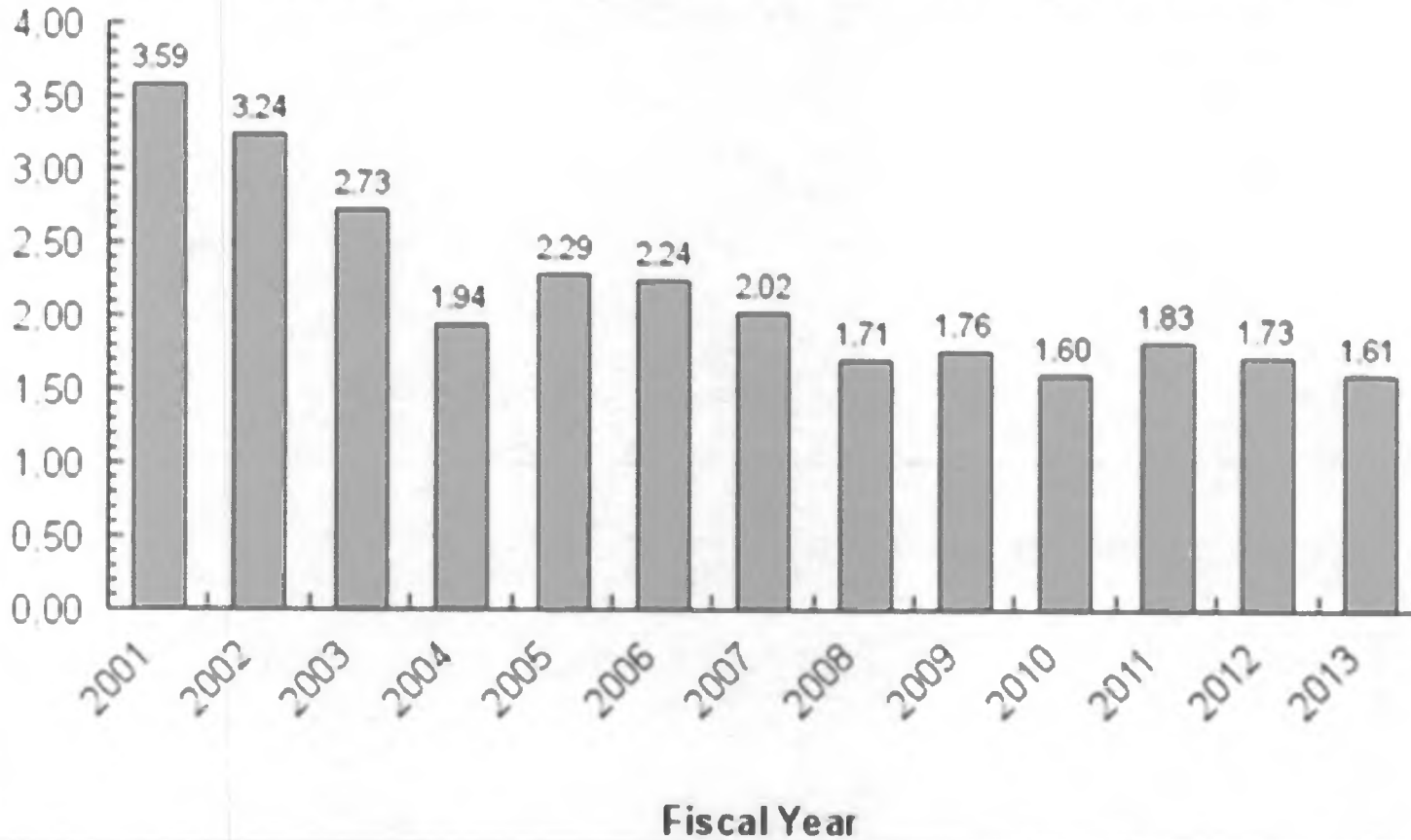
- **A trained Alaskan labor force for new projects**
- **Flat or declining federal revenue**
- **Increasing operating expenses**

Protect  
Workers

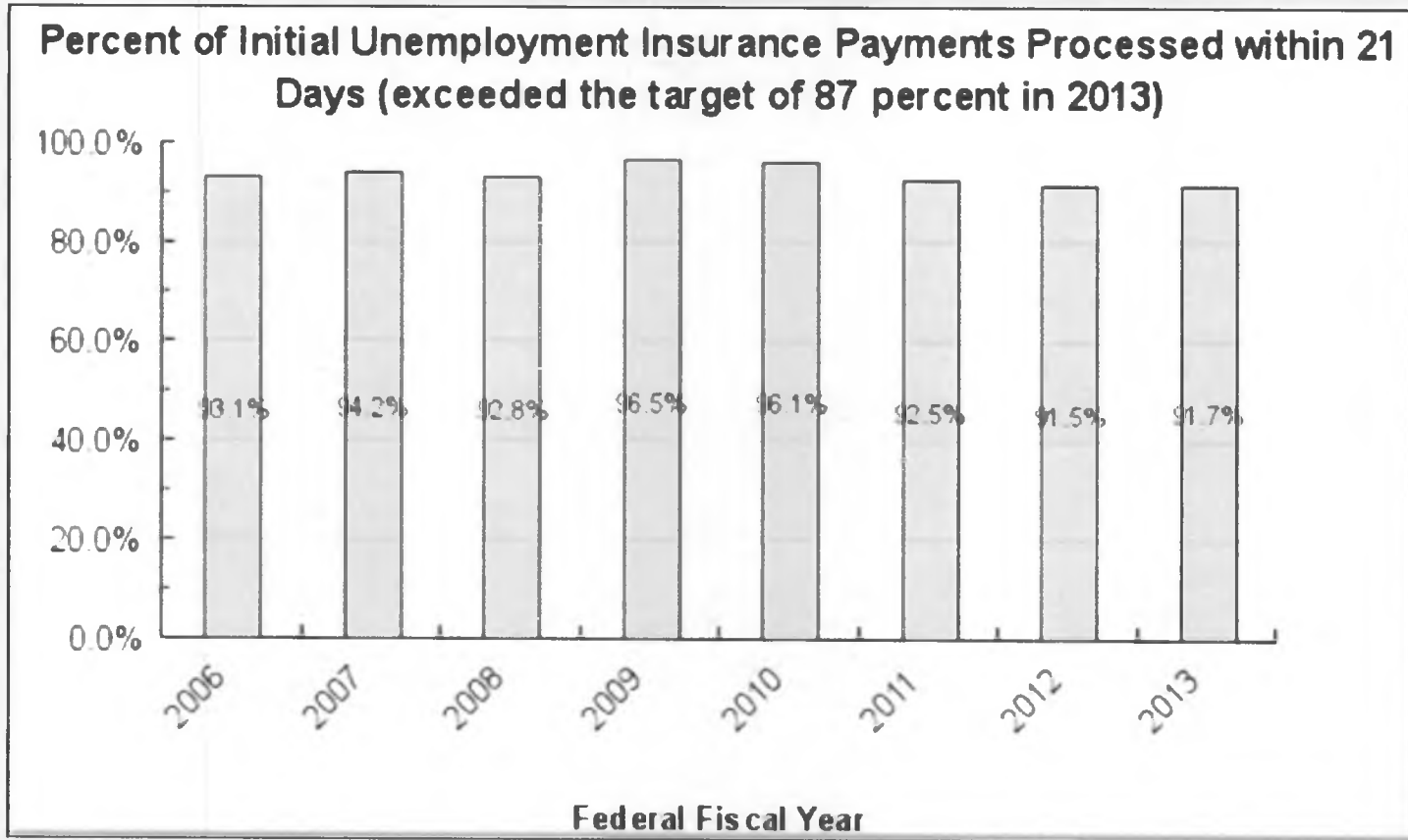
Income Replacement  
Workforce Development

# Protect Workers

**Workplace Lost Time Injuries and Illnesses Rate Per 100 Employees  
(exceeded the two percent reduction target in FY2013)**

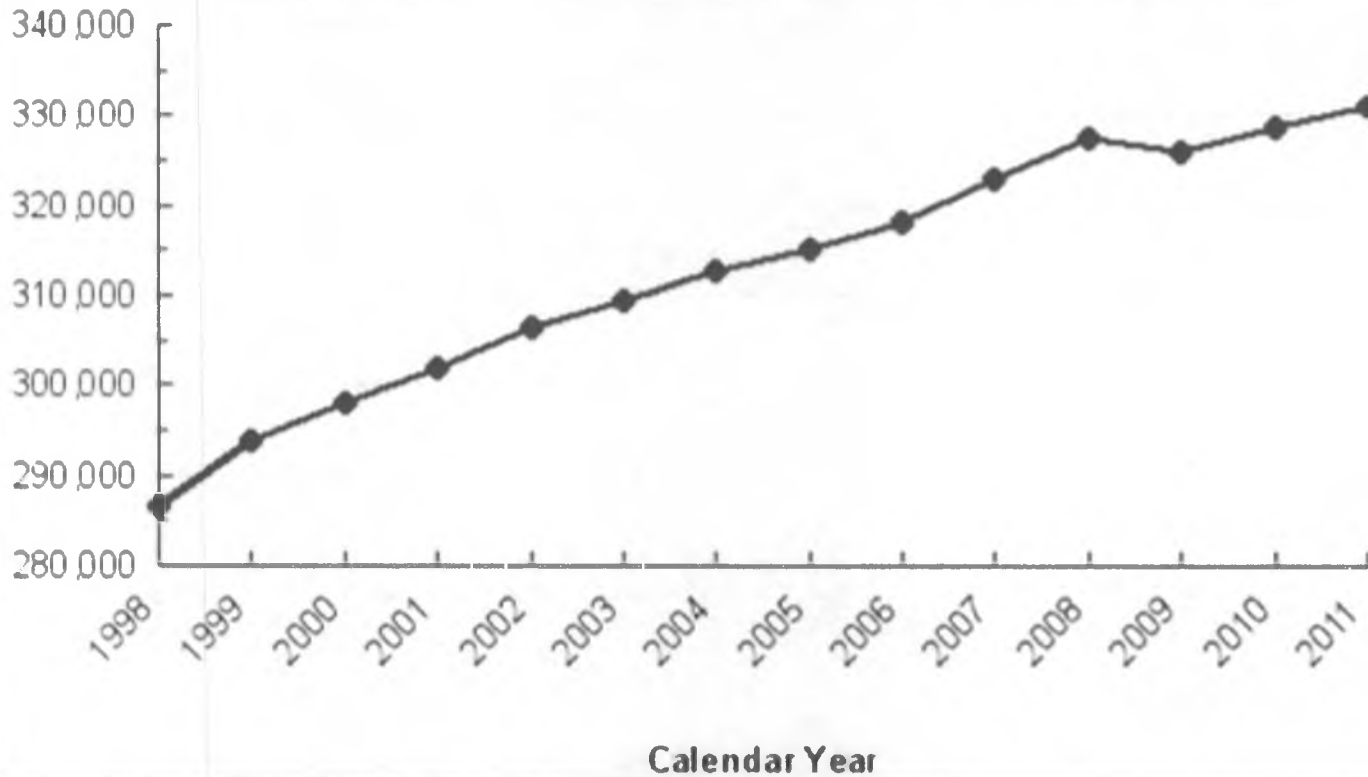


# Income Replacement



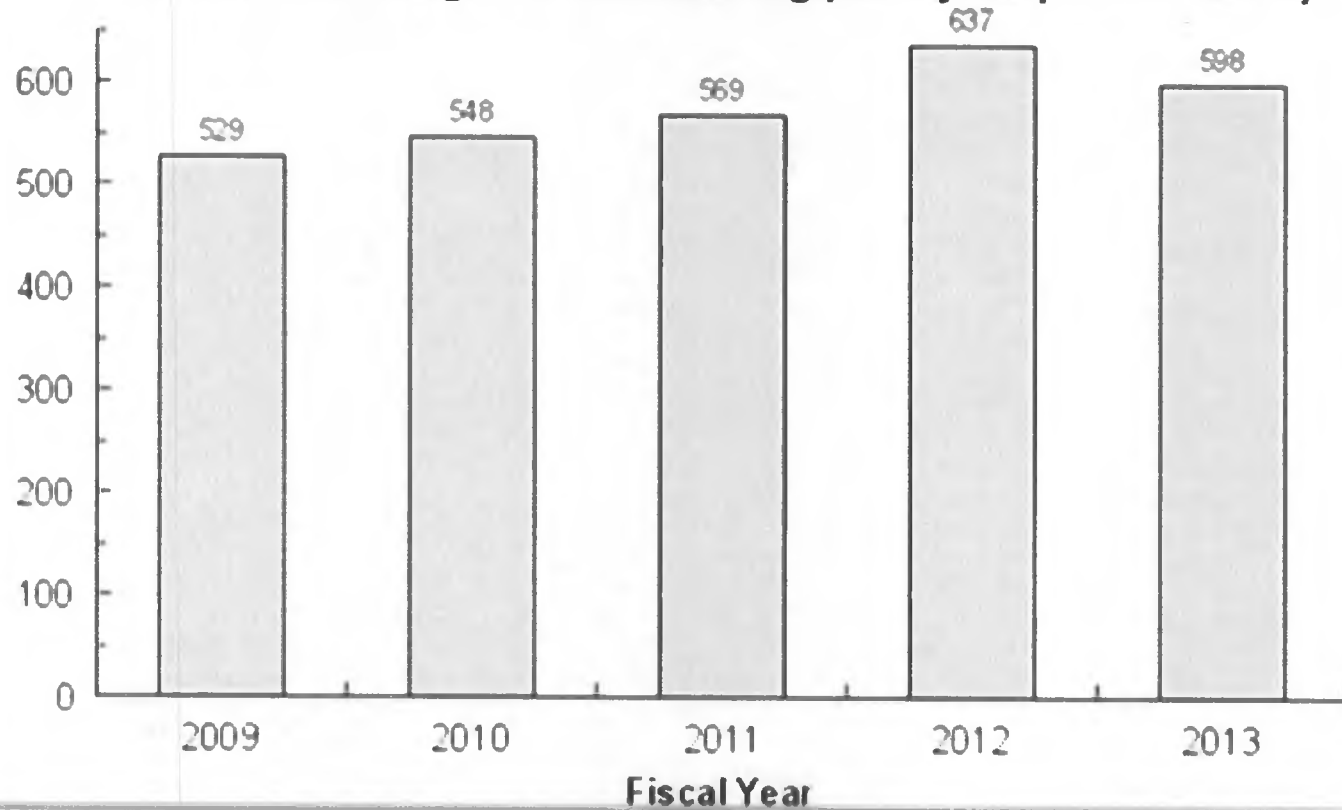
# Workforce Development

**Resident Workers in Alaska (exceeded the target increase of 0.5 percent in 2011. 2012 data will be available Jan 2014)**



# Workforce Development

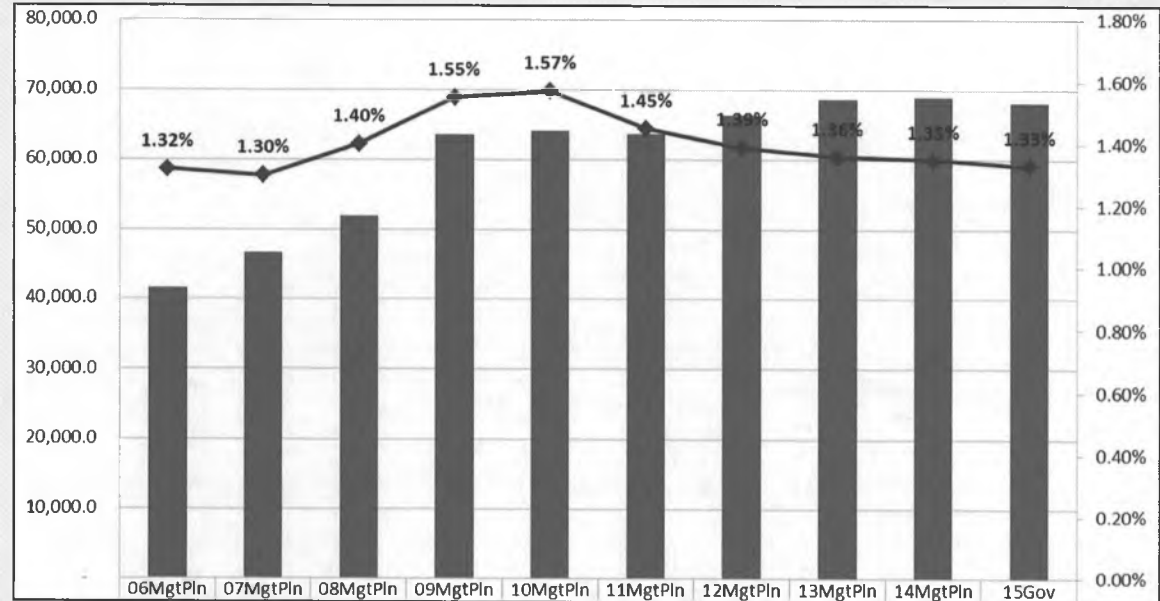
**Vocational Rehabilitation Program Participants Employed (did not achieve the target of maintaining prior year performance)**



# Share of Total Agency Operations

- The department's general fund budget grew by \$26.5 million between FY06 and the FY15 Governor's Request – an average annual growth rate of 7.1%.
- Growth since FY09 has been \$4.5 million (1.2% growth rate).
- The department continues to represent a small portion of the overall statewide budget (six straight years of decline).

General Funds Only (thousands)



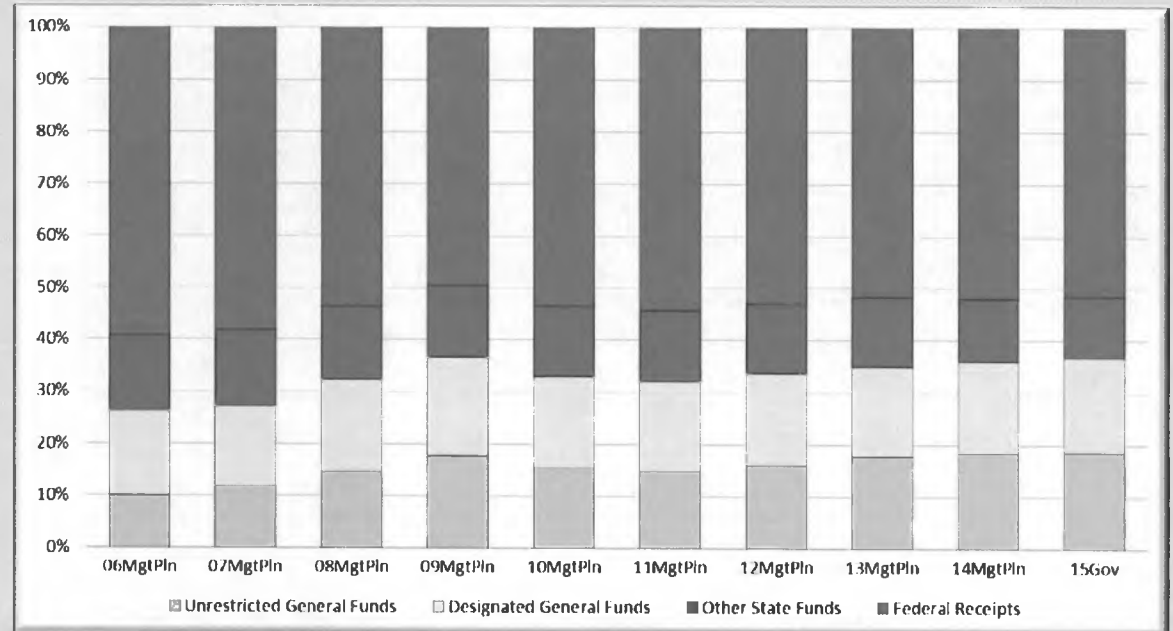
# Total Funding Comparison by Fund Group

## Between FY06 & FY15:

- Federal Funds remained relatively flat, increasing by \$1.4 million (1.5%)
- Other funds decreased by \$1.4 million (-6.2%)
- DGF increased by \$7.9 million (30.9%)
- UGF increased by \$18.6 million (117.8%)

Thus state funds have increased as a percentage of the total

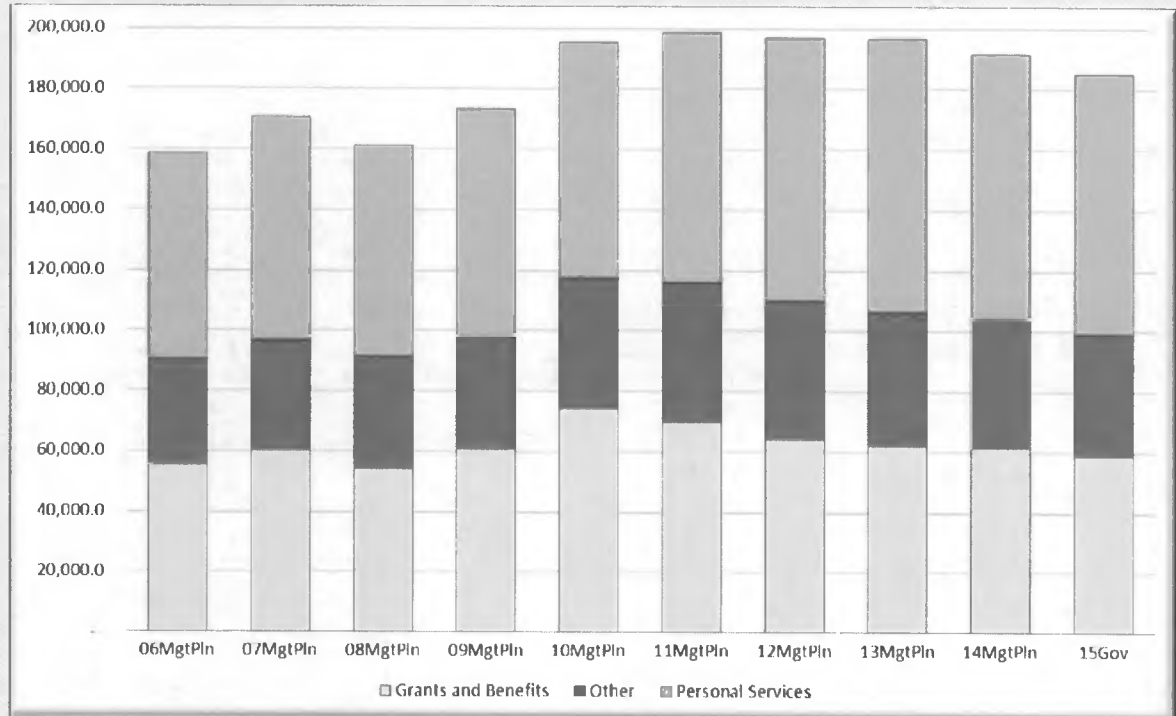
All Funds (thousands)



# Line Item Distribution

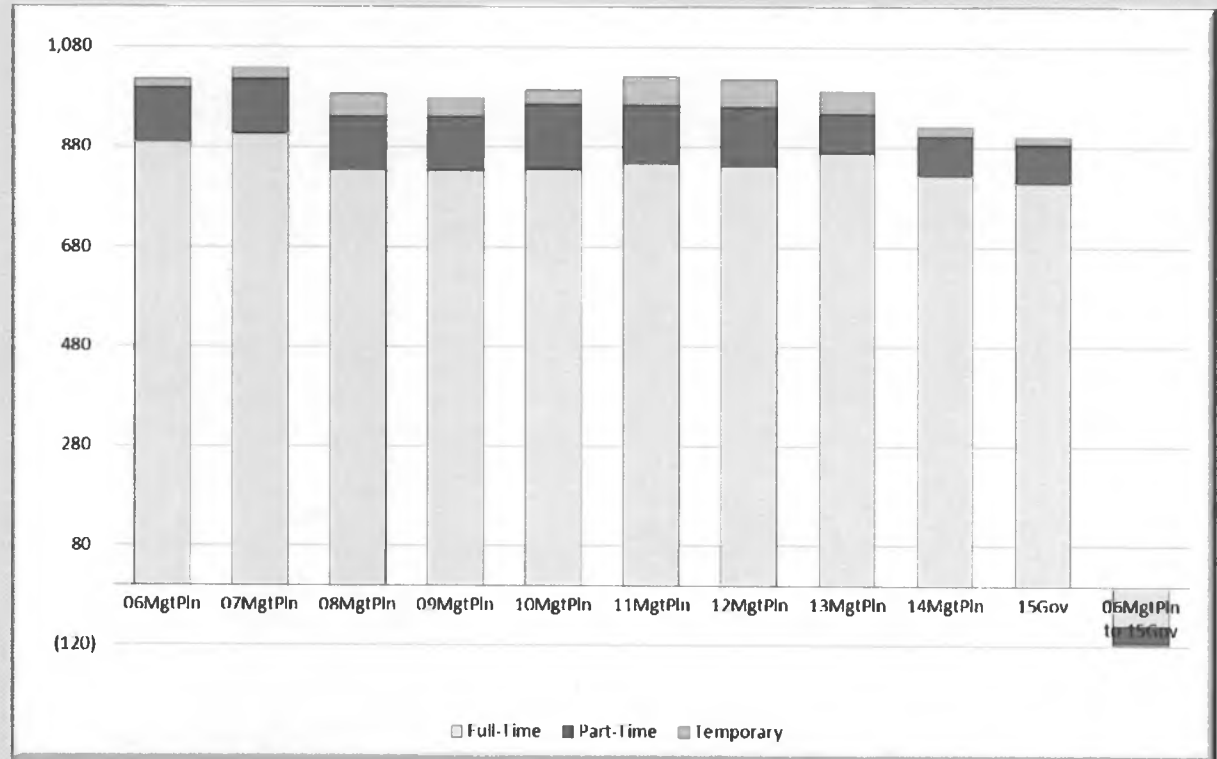
- The majority of funding in FY15 is in the following line items:
  - Personal Services: 46%
  - Grants: 32%
- About 54% (\$31.5 million) of the grants funding is in the Business Partnerships appropriation (with the majority housed in two allocations):
  - \$23.4 million in Business Services
  - \$3.2 million in the Construction Academy

All Funds (thousands)



# Budgeted Positions

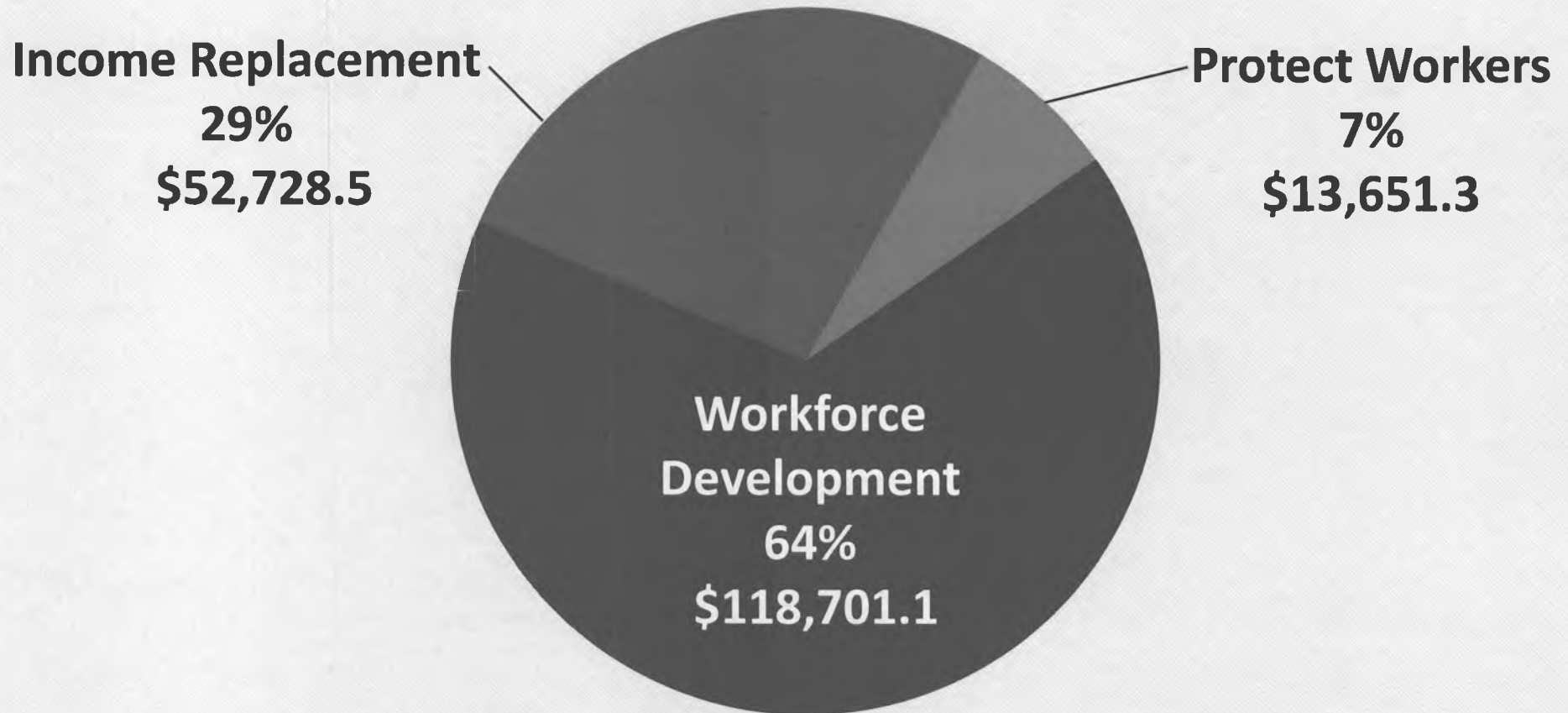
- Between FY06 & FY15 the total number of budgeted positions decreased by 115.
- Reduction in positions is due to flat or declining base operating federal funds and the expiration of one-time federal grant funds.



# FY2015 Budget Request: \$185,080.9

UGF:	\$34,404.4
DGF:	\$34,069.8
Other:	\$21,769.1
Federal:	\$94,837.6

## Budget by Priority Program



- 809 Full-Time Positions
- 77 Part-Time Positions
- 14 Temporary Positions

# Governor's Budget Overview

## FY2015 Operating Budget

### **Department-wide Long Term Vacant Position deletions**

- -\$975.5 total reduction for deleting 20 positions including 10 vacant for more than two years

### **Department-wide uncollectible receipt authority reduction**

- -\$4,900.0 Fed/Other reduction to reflect decreased receipt collection due to federal sequestration

### **Employment Security Division (ESD)**

- \$125.0 DGF increase in Training and Building fund receipts for support of Job Centers

### **Business Partnerships (DBP)**

- -\$159.6 UGF decrease by deleting one vacant Gasline position

### **TVEP funding distribution change**

- \$47.6 DGF increase to distribution amounts based on available fund balance

# Governor's Budget Overview

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## FY2015 Capital Budget

### **Heavy Equipment/Diesel/Pipe Welding Relocation Phase 2 of 3**

- \$8,000.0 this phase, \$15,000.0 all three phases, replaces a training facility with safety issues

### **Deferred Maintenance**

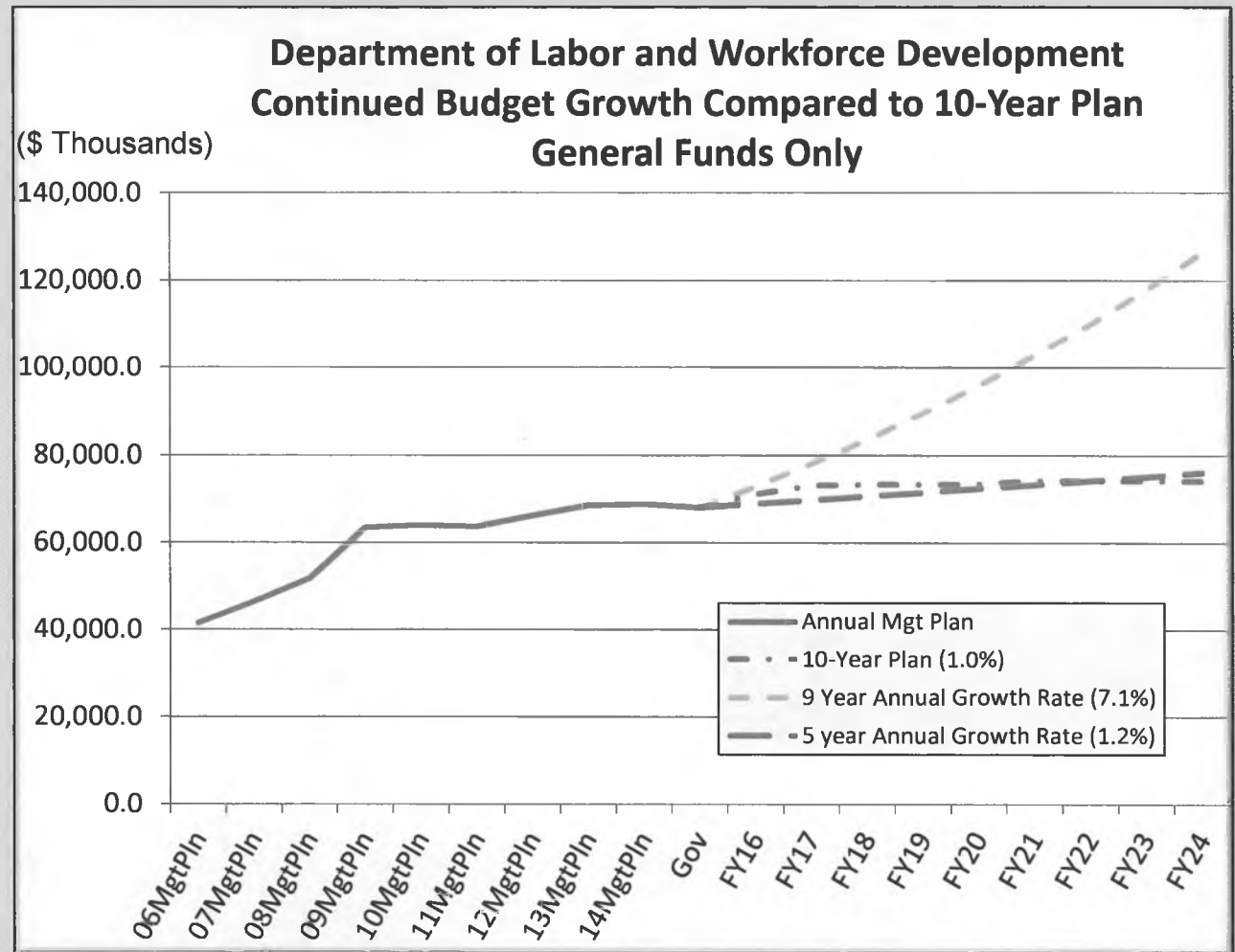
- \$1,000.0 UGF for reducing the backlog of maintenance needs on the Alaska Vocational Technical Center's (AVTEC) aging infrastructure

### **Public Access Network**

- \$170.0 UGF for development of a public access network across statewide Job Centers

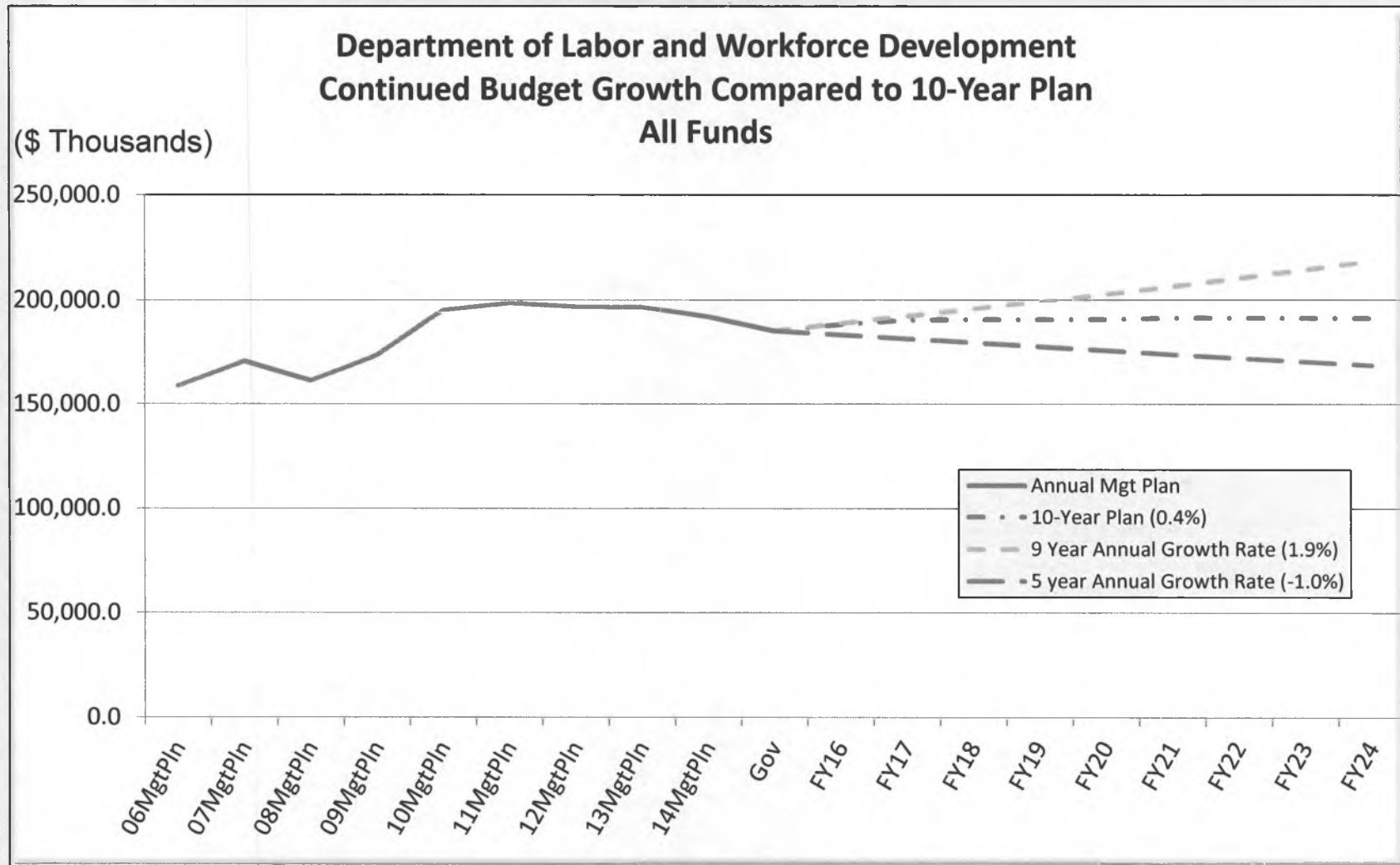
# Ten Year Plan- General Funds Only

- The department's general fund budget grew by \$26.6 million between FY06 and the FY15 Governor's Request - an average annual growth rate of 7.1%.
- Growth since FY10 has been \$4.0 million (1.2% growth rate).
- The department's ten year plan equates to an average annual growth rate of 1.0%.



Department of Labor and Workforce Development

# Ten Year Plan- All Funds



**For More Information  
Please Contact**

**Commissioner Dianne Blumer  
PO Box 111149  
Juneau, AK 99811-1149  
Phone: 465-2700**

# FY2015 TVEP Distribution

Entity	Percent	FY2012 Distribution	FY2013 Distribution	FY2014 Distribution	FY2015 Distribution	Change from Prior Year
U of A	45%	4538.3	4904.2	4,842.0 \$	4,888.6	\$ 46.6
UAS	5%	504.3	544.9	538.0 \$	543.2	\$ 5.2
Galena	4%	403.4	435.9	430.4 \$	434.5	\$ 4.1
Kotzebue	9%	907.7	980.8	968.4 \$	977.7	\$ 9.3
AVTEC	17%	1714.5	1852.7	1,829.2 \$	1,846.8	\$ 17.6
NACTEC	3%	302.6	326.9	322.8 \$	325.9	\$ 3.1
SAVEC	3%	302.6	326.9	322.8 \$	325.9	\$ 3.1
Yuut	9%	907.7	980.8	968.4 \$	977.7	\$ 9.3
Delta	3%	302.6	326.9	322.8 \$	325.9	\$ 3.1
New Frontier	2%	201.7	218	215.2 \$	217.3	\$ 2.1
<b>Total</b>	<b>100% \$</b>	<b>10,085.4</b>	<b>\$ 10,898.0</b>	<b>\$ 10,760.0</b>	<b>\$ 10,863.5</b>	<b>\$ 103.5</b>

# Governor's Budget Overview

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## FY2014 Operating Increment Statuses

### **Department-wide lease cost increases**

- \$492.3 UGF for increasing ongoing lease expenses with a department-wide impact, has already been expended on a lease costs.

### **Department-wide core service cost increases**

- \$65.0 UGF for increasing ongoing core services provided by the Department of Administration with a department-wide impact, has already been expended on core service chargebacks.

### **Division of Vocational Rehabilitation**

- \$50.0 UGF to strengthen the Independent Living network in Alaska, has been granted and will result in increased rural independent living services. Year-to-date services in rural communities is up from prior years.

### **Alaska Vocational Technical Center (AVTEC)**

- \$200.0 UGF one-time FY2014 appropriation for increasing operating expenses at AVTEC; this funding is being expended to support operating expenses.

# Governor's Budget Overview

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## FY2014 Capital Budget

### **Heavy Equipment/Diesel/Pipe Welding Relocation Phase 1 of 3**

- \$6,000.0 this phase, \$15,000.0 all three phases, replaces a training facility with safety issues; this project is in the design and planning phase with construction anticipated to begin in June.

### **Deferred Maintenance**

- \$968.4 UGF for reducing the backlog of maintenance needs on the Alaska Vocational Technical Center's (AVTEC) aging infrastructure; this funding is being used to address deferred maintenance needs, though regular DM projects were delayed slightly due to the new dormitory coming online earlier this month.

# Fund Balance Projections as of 12/31/2014

<b>Department of Labor and Workforce Development</b> <b>FY2014 and FY2015 Projected Fund Balances</b> Prepared January 15, 2014							
Fund	FY2013 Ending Balance	FY2014 Expected Revenue *1	FY2014 Expected Expend *2	FY2014 Projected Balance	FY2015 Expected Revenue *3	FY2015 Expected Expend *4	FY2015 Projected Balance
Second Injury Fund	4,467.9	3,108.3	4,008.3	3,567.9	3,046.2	4,008.1	2,606.0
Fishermen's Fund	11,833.5	1,100.0	1,653.3	11,280.2	1,066.2	1,652.3	10,694.1
Worker Safety & Compensation Account	5,732.9	7,606.7	8,090.7	5,248.9	7,331.6	7,586.4	4,994.1
Workers' Compensation Benefits Guaranty Fund	1,874.8	895.0	1,173.1	1,596.7	895.0	772.6	1,719.1
Training & Building Fund *5	99.9	896.4	665.0	331.3	789.3	789.3	331.3
State Training & Employment Program	3,394.2	7,591.3	8,424.6	2,560.9	7,732.1	8,423.5	1,869.5
Technical Vocational Education Program	1,691.8	11,387.0	11,290.6	1,788.2	11,598.1	11,399.4	1,986.9
Building Safety Account	197.1	1,964.8	1,900.0	261.9	1,964.8	2,115.8	110.9
Small Business Enterprise Fund	140.8	101.0	96.0	145.8	101.0	96.0	150.8
Randolph Sheppard Small Business Fund	430.8	95.0	92.0	433.8	95.0	92.0	436.8

**Notes:**

- \*1. FY2014 expected revenue is based on 12/31 current year projections
- \*2. FY2014 expected expend is based on authorized expenditure levels except for the Small Business Enterprise, Randolph Shepard Small Business, and Building Safety Account funds
- \*3. FY2015 expected revenue is based on 12/31 future year projections
- \*4. FY2015 expected expend is based on the Governor's budget
- \*5. Any Training & Building fund balance over \$100.0 is returned to the Unemployment Insurance Trust Fund.