

02/04/15

BUDGET OVERVIEW

FY 16:

DEPARTMENT OF

LABOR &

WORKFORCE

DEVELOPMENT

<TARGET><BILL></BILL><SUBJECT>02-04-15 BUDGET OVERVIEW
FY 16 DEPARTMENT OF LABOR and WORKFORCE
DEVELOPMENT</SUBJECT><COMM>HFIN29</COMM></TARGET>



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Labor and
Workforce Development**

Office of the Commissioner

Post Office Box 111149

Juneau, Alaska 99811

Main: 907.465.2700

Fax: 907.465.2784

February 9, 2015

The Honorable Mark Neuman
The Honorable Steve Thompson
Co-Chairs of House Finance Committee
State Capitol Building
Juneau, AK 99801-1182

Dear Representatives Neuman and Thompson,

Thank you for the opportunity to present an Overview of the Department of Labor and Workforce Development to your House Finance Committee on February 04, 2015. Provided below are responses to inquiries raised during the meeting.

The committee requested copies of two annual reports. The non-resident report was electronically distributed to all committee members last week and the Technical Vocational Education Program (TVEP) report will be distributed once it is finalized later this month.

The committee also requested a comparison of the average employee cost from FY2007 to FY2016. Total salary and benefits costs in FY2007 were \$73,986.0 for 1,037 PCNs. This equates to \$71.4 per employee. In FY2016 this is \$83,021.5 for 855 PCNs which equates to \$97.1 per employee. This is an increase of \$25.8 per employee over the last ten years.

Please let me know if you have further questions. I welcome the opportunity to speak with you on these or any other topics related to the department.

Sincerely,


Heidi Drygas
Commissioner

TRANSACTION REPORT

P.01

FEB-04-2015 WED 03:36 PM

FOR: house finance

4656813

SEND

| DATE | START | RECEIVER | TX TIME | PAGES | TYPE | NOTE | M# | DP |
|--------|----------|----------|---------|-------|--------|------|-----|----|
| FEB-04 | 03:35 PM | 4655334 | 43" | 1 | FAX TX | OK | 182 | |

TOTAL : 43S PAGES: 1

1 of _

February 4, 2015

Committee Action on Legislation
FEBRUARY 4, 2015

HOUSE FINANCE

COMMITTEE SECRETARY: JODIE MCDONNELL

| SHORT TITLE | ACTION TAKEN ON LEGISLATION |
|---|---|
| HB72 APPROP: OPERATING BUDGET/LOANS/FUNDS <i>FY Budget overview: Dept. of LABOR & WORKFORCE Development</i> <i>FY Budget overview DEPT OF LAW</i> | <input type="checkbox"/> Moved Out of Committee <input type="checkbox"/> Moved CS () Out of Committee <input type="checkbox"/> Moved HCS () Out of Committee <input type="checkbox"/> Heard and Held <input type="checkbox"/> Heard and Held Assigned to Subcommittee <input type="checkbox"/> Bill Postponed to _____ <input type="checkbox"/> Scheduled but not Heard <input type="checkbox"/> Failed to Move Out of Committee |
| HB73 APPROP: MENTAL HEALTH BUDGET | <input type="checkbox"/> Moved Out of Committee <input type="checkbox"/> Moved CS () Out of Committee <input type="checkbox"/> Moved HCS () Out of Committee <input type="checkbox"/> Heard and Held <input type="checkbox"/> Heard and Held Assigned to Subcommittee <input type="checkbox"/> Bill Postponed to _____ <input type="checkbox"/> Scheduled but not Heard <input type="checkbox"/> Failed to Move Out of Committee |

Meeting Recessed @ _____
 Meeting Postponed to _____



ALASKA STATE LEGISLATURE HOUSE FINANCE COMMITTEE

State Capitol, Room 519

Rep. Mark Neuman, Co-Chair

Rep. Steve Thompson, Co-Chair

Wednesday, February 4, 2015

1:30 PM

Agenda:

FY16 Department of Labor and Workforce Development Overview

Presenting in Person:

clab
HAR Heidi Drygas, Commissioner, Department of Labor and Workforce Development
Paloma Harbour, Director, Division of Administrative Services, Department of Labor and Workforce Development

Also present for questions:

THO Joe Thomas, Deputy Commissioner, Department of Labor and Workforce Development

CAS Greg Cashen, Deputy Commissioner, Department of Labor and Workforce Development

lat Anna Latham, Legislative Liaison, Department of Labor and Workforce Development

FY16 Department of Law Overview

Presenting in Person:

ag Craig Richards, Attorney General, Department of Law

Available for Questions in person:

BLA Dave Blaisdell, Director, Administrative Services Division, Department of Law

SKI John Skidmore, Director, Criminal Division, Department of Law -

DEV Steve DeVries, Chief Assistant Attorney General, Section Supervisor for the
Regulatory Affairs and Public Advocacy (RAPA), Civil Division, Department of Law

DEPARTMENT OF LABOR AND
WORKFORCE DEVELOPMENT

DEPARTMENT OVERVIEW

HOUSE FINANCE
FEBRUARY 4, 2015



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS

DEPARTMENT OVERVIEW



MISSION:

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

KEY PROGRAM PRIORITIES:

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



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



OFFICES BY LOCATION



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



DEPARTMENT ORGANIZATIONAL CHART



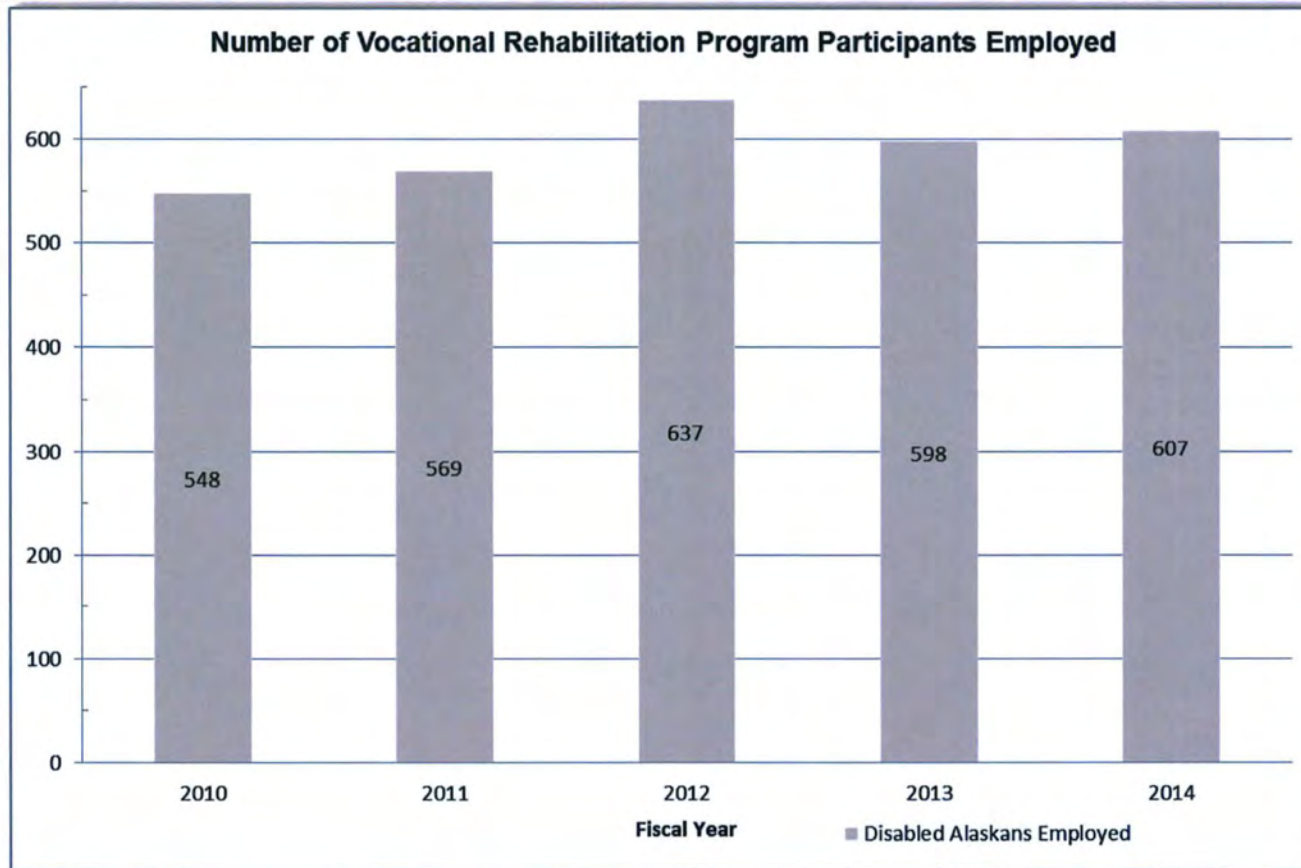
PROTECT WORKERS



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



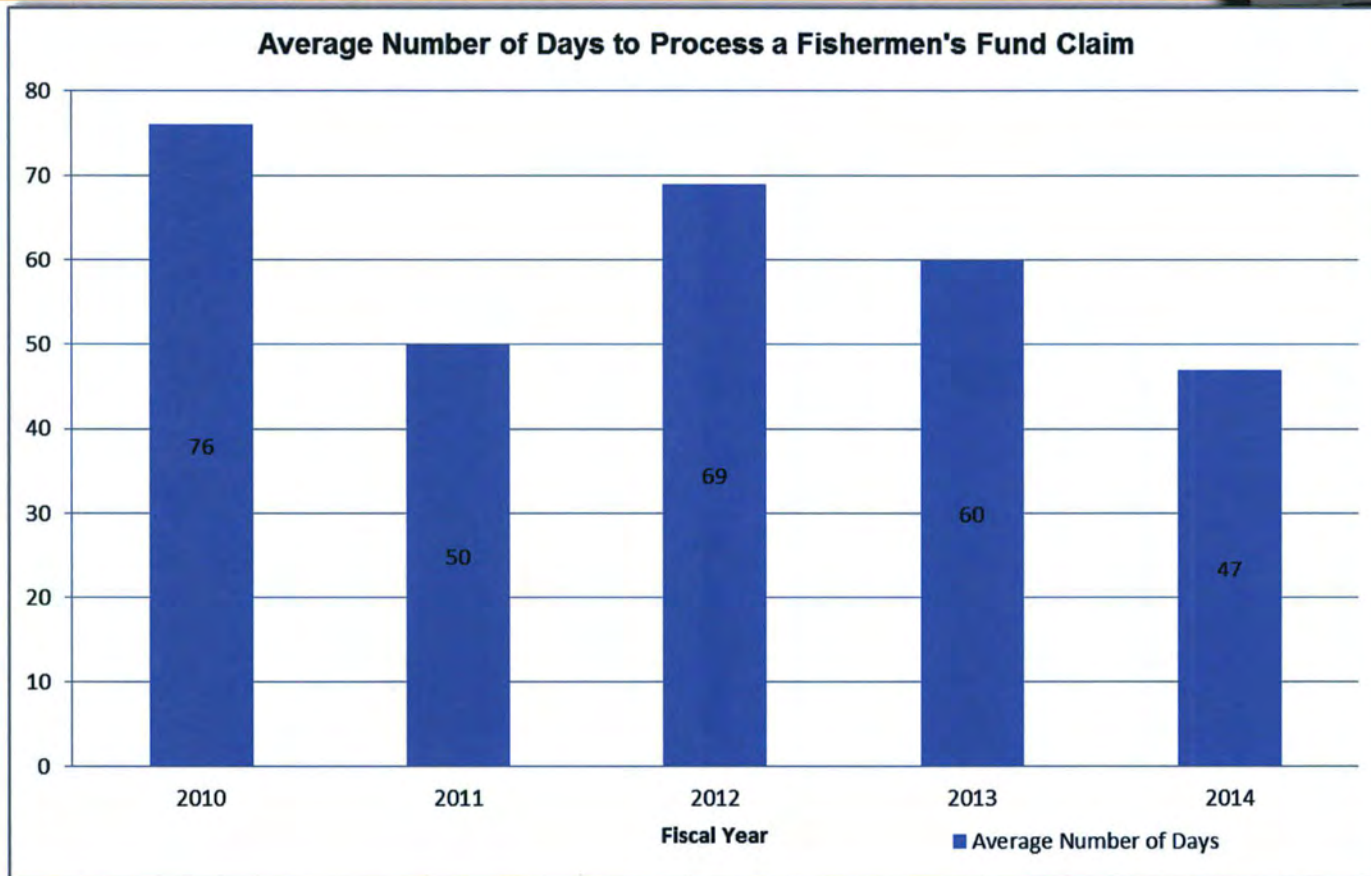
WORKFORCE DEVELOPMENT



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



INCOME REPLACEMENT



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



STATE PARTNERSHIPS



Work Readiness Assessments

- Alaska Military Youth Academy
- Department of Corrections
- Department of Education and Early Development

Economic and Demographic Data, and Training and Education Program Outcomes

- Department of Health and Social Services
- Department of Commerce, Community and Economic Development
- Department of Education and Early Development
- University of Alaska
- Commission on Postsecondary Education

Apprenticeship, Training and Employment Services

- Department of Corrections
- Division of Juvenile Justice



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



PRIVATE/NON-PROFIT PARTNERSHIPS



Apprenticeship, Training and Employment Services

- Alaska Employers
- Tribal and Community Vocational Rehabilitation Programs
- Construction Education Foundation
- Alaska Works Partnership
- Regional Training Centers and Private Training Providers

Private Sector Membership on Boards and Councils

- Workers' Compensation Boards
- Alaska Safety Advisory Council
- Alaska Workforce Investment Board
- Alaska Labor Relations Agency Board
- Fishermen's Fund Council



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



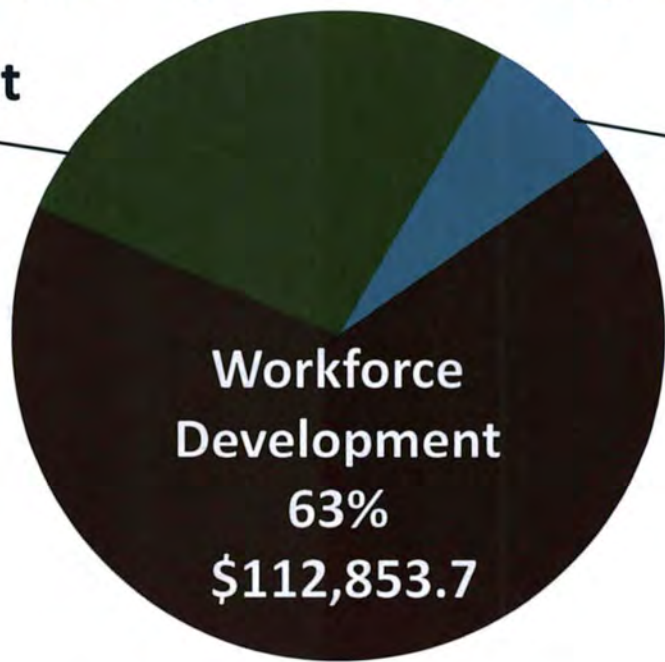
FY2016 ENDORSED BUDGET: \$179,412.8

UGF: \$29,169.9
 DGF: \$35,275.5
 Other: \$20,580.8
 Federal: \$94,386.6

Budget by Priority Program

Income Replacement
29%
\$52,989.5

Protect Workers
8%
\$13,569.6



FY2015: \$185.3m
 UGF: \$33,448.0
 DGF: \$34,847.5
 Other: \$21,773.6
 Federal: \$95,237.6

FY2016 Positions:

| | |
|--------------|------------|
| Full-time | 774 |
| Part-time | 71 |
| Temporary | 8 |
| Total | 853 |



GOVERNOR'S ENDORSED BUDGET OVERVIEW

Operating Budget

One-time and Temporary Increment Reversals

- -\$1.4 million UGF for the Alaska Youth First/Compass Alaska program
- -\$150.0 DGF for the Rural Apprenticeship Outreach program
- -\$226.8 UGF and -\$100.0 DGF for the Alaska Vocational Technical Center (AVTEC) Registered Nurse program

Designated General Fund Increases

- Additional program receipt authority for the Alaska Safety Advisory Council (\$35.0) and AVTEC (\$110.0)
- \$429.0 in additional Technical and Vocational Education Program (TVEP) funding to regional training centers specified in Alaska Statute 23.15.835

Known Federal and Other Funding Reductions

- -\$3.0 million less in federal and other funding that supports the state's job center network



TECHNICAL AND VOCATIONAL EDUCATION PROGRAM

| Entity | FY2014 Distribution | FY2015 Distribution | FY2016 Distribution |
|--|------------------------|------------------------|------------------------|
| University of Alaska | \$ 4,842.0 | \$ 5,226.9 | \$ 5,630.0 |
| University of Alaska Southeast | \$ 538.0 | - | - |
| Galena Interior Learning Academy | \$ 430.4 | \$ 464.6 | \$ 500.4 |
| Alaska Technical Center | \$ 968.4 | \$ 1,045.4 | \$ 1,126.0 |
| Alaska Vocational Technical Center (AVTEC) | \$ 1,829.2 | \$ 1,974.5 | \$ 2,126.9 |
| Northwestern Alaska Career and Technical Center (NACTEC) | \$ 322.8 | \$ 348.5 | \$ 375.3 |
| Southwest Alaska Vocational and Education Center (SAVEC) | \$ 322.8 | \$ 348.5 | \$ 375.3 |
| Yuut Elitnaurviat, Inc. People's Learning Center | \$ 968.4 | \$ 1,045.4 | \$ 1,126.0 |
| Partners for Progress in Delta, Inc. | \$ 322.8 | \$ 348.5 | \$ 375.3 |
| Amundsen Educational Center | \$ 215.2 | \$ 232.3 | \$ 250.2 |
| Ilisagvik College | - | \$ 580.8 | \$ 625.5 |
| Total | \$ 10,760.0 | \$ 11,615.4 | \$ 12,510.9 |



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
 COMMISSIONER HEIDI DRYGAS



GOVERNOR'S ENDORSED BUDGET OVERVIEW

Operating Budget continued

\$300.0 Unallocated Unrestricted General Fund Reduction

- Delete three positions from the Commissioner's Office and the Administrative Services Division to attain the Governor's goal of redesigning administrative infrastructure to maintain maximum program and services delivery

8% Unrestricted General Fund (\$2.5 million) Reduction

- Reduce administrative and support positions, and streamline services to minimize direct service impacts (-\$1,052.2)
- Reduce funding available to offset lease expenses (-\$311.4)
- Closure of the Alaska Vocational Technical Center's Anchorage Campus , which houses AVTEC's Allied Health programs (-\$478.9)



GOVERNOR'S ENDORSED BUDGET OVERVIEW

Operating Budget continued

8% Unrestricted General Fund (\$2.5 million) Reduction continued

- Reduced Adult Basic Education instructional hours (-\$172.5)
- Eliminate a Wage and Hour Investigator (-\$153.9)
- Less funding for pass-through grants in support of Alaska Construction Academies and Rural Training Centers (-\$367.6)

Capital Budget

Re-appropriation

- \$530.0 unexpended balance of the AVTEC Third Avenue Dormitory project to provide for the replacement and upgrading of AVTEC's information technology (IT) equipment and infrastructure.

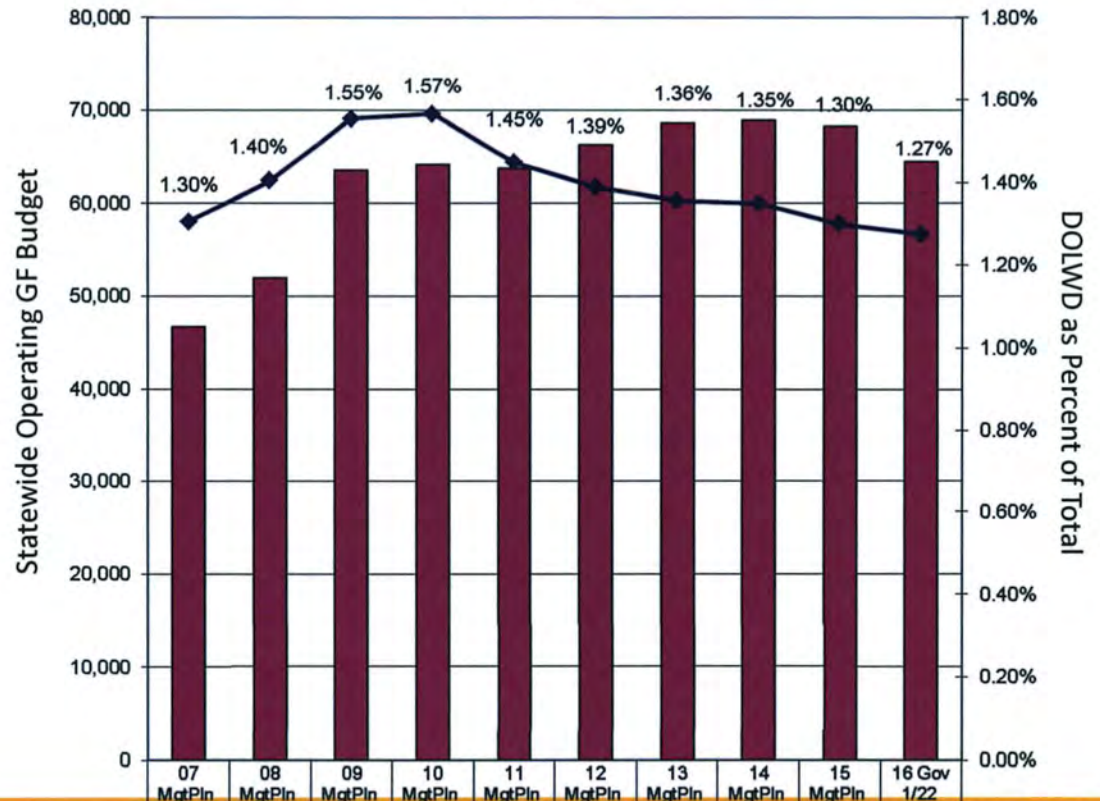


SHARE OF TOTAL AGENCY OPERATIONS

General Funds in this slide is a combination of Designated General Funds and Unrestricted General Funds.

- The department's general funds have increased at an average annual growth rate of 3.7%.
- However, the rest of the state has grown at a faster rate so the department represent a smaller share of the overall statewide budget (six straight years of decline).

Department of Labor & Workforce Development Share of Total Agency Operations
(GF Only)
(\$ Thousands)

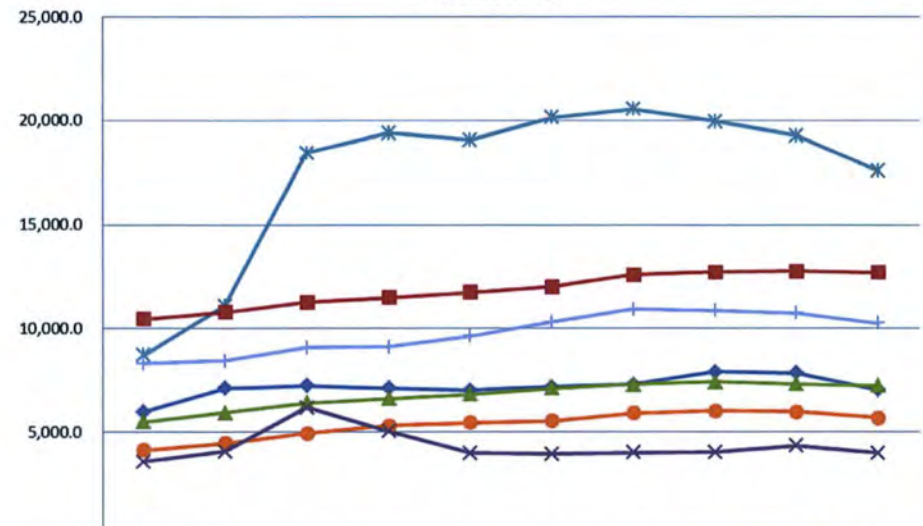


GENERAL FUNDS BY APPROPRIATION

General Funds includes special training funds such as the State Training and Employment Program (STEP), and the Technical and Vocational Education Program (TVEP).

General Funds also includes program receipts from fee-for-service type activities (i.e., student tuition and fees or mechanical inspection fees).

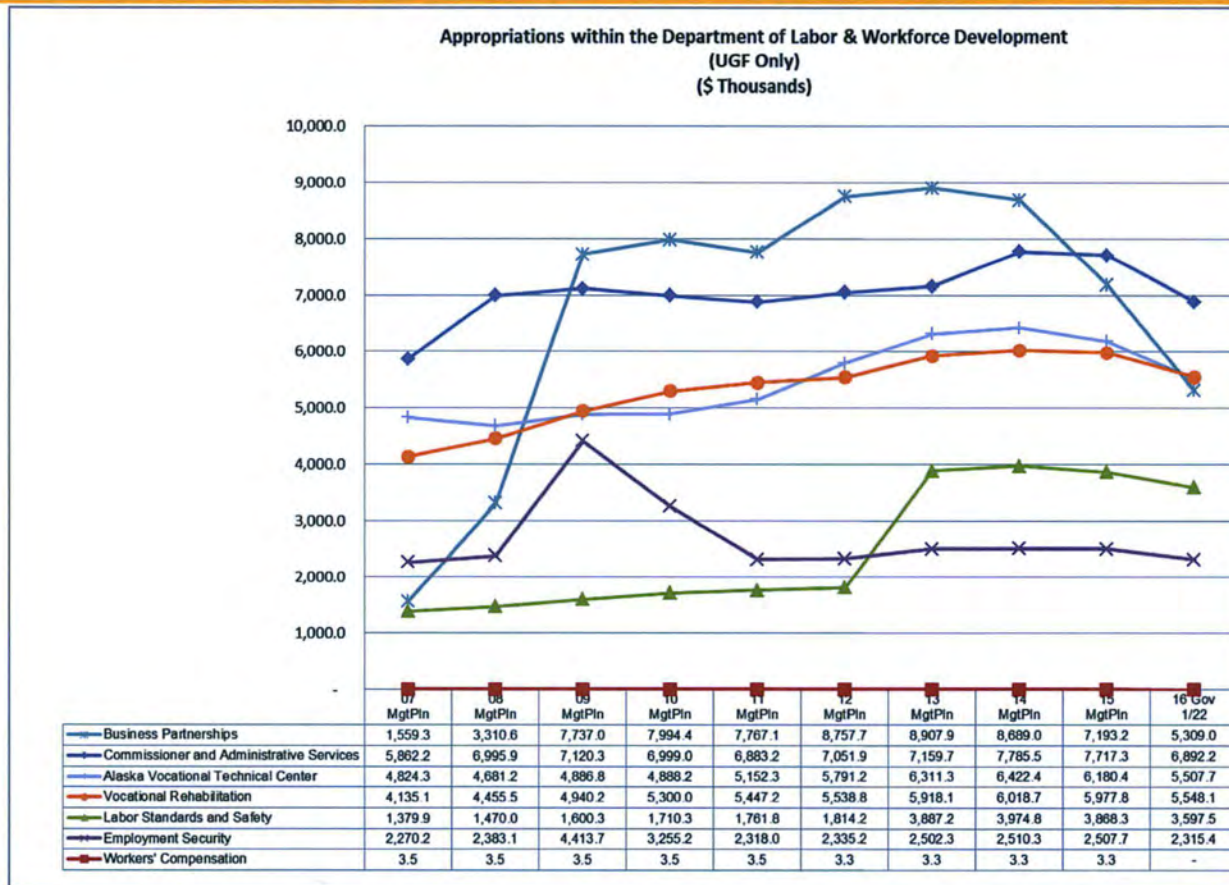
Appropriations within the Department of Labor & Workforce Development
(GF Only)
(\$ Thousands)



| | 07 MgtPln | 08 MgtPln | 09 MgtPln | 10 MgtPln | 11 MgtPln | 12 MgtPln | 13 MgtPln | 14 MgtPln | 15 MgtPln | 16 Gov 1/22 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Business Partnerships | 8,719.8 | 11,098.7 | 18,458.9 | 19,430.5 | 19,087.2 | 20,154.0 | 20,560.1 | 19,966.2 | 19,298.7 | 17,584.7 |
| Workers' Compensation | 10,451.6 | 10,782.9 | 11,264.9 | 11,501.9 | 11,748.3 | 12,018.7 | 12,602.2 | 12,712.1 | 12,758.7 | 12,705.7 |
| Alaska Vocational Technical Center | 8,333.4 | 8,447.0 | 9,067.3 | 9,106.1 | 9,631.6 | 10,322.4 | 10,942.5 | 10,877.1 | 10,758.6 | 10,248.7 |
| Commissioner and Administrative Services | 5,963.5 | 7,107.0 | 7,236.5 | 7,117.5 | 7,005.2 | 7,178.8 | 7,291.2 | 7,919.0 | 7,844.2 | 7,019.5 |
| Labor Standards and Safety | 5,495.7 | 5,923.7 | 6,412.5 | 6,616.9 | 6,809.0 | 7,111.4 | 7,295.3 | 7,419.3 | 7,320.6 | 7,238.8 |
| Vocational Rehabilitation | 4,135.1 | 4,455.5 | 4,940.2 | 5,300.0 | 5,447.2 | 5,538.8 | 5,918.1 | 6,018.7 | 5,977.8 | 5,673.1 |
| Employment Security | 3,564.3 | 4,067.0 | 6,172.8 | 5,039.7 | 3,978.6 | 3,945.1 | 4,009.8 | 4,028.6 | 4,336.9 | 3,974.9 |



UNRESTRICTED GENERAL FUNDS BY APPROPRIATION

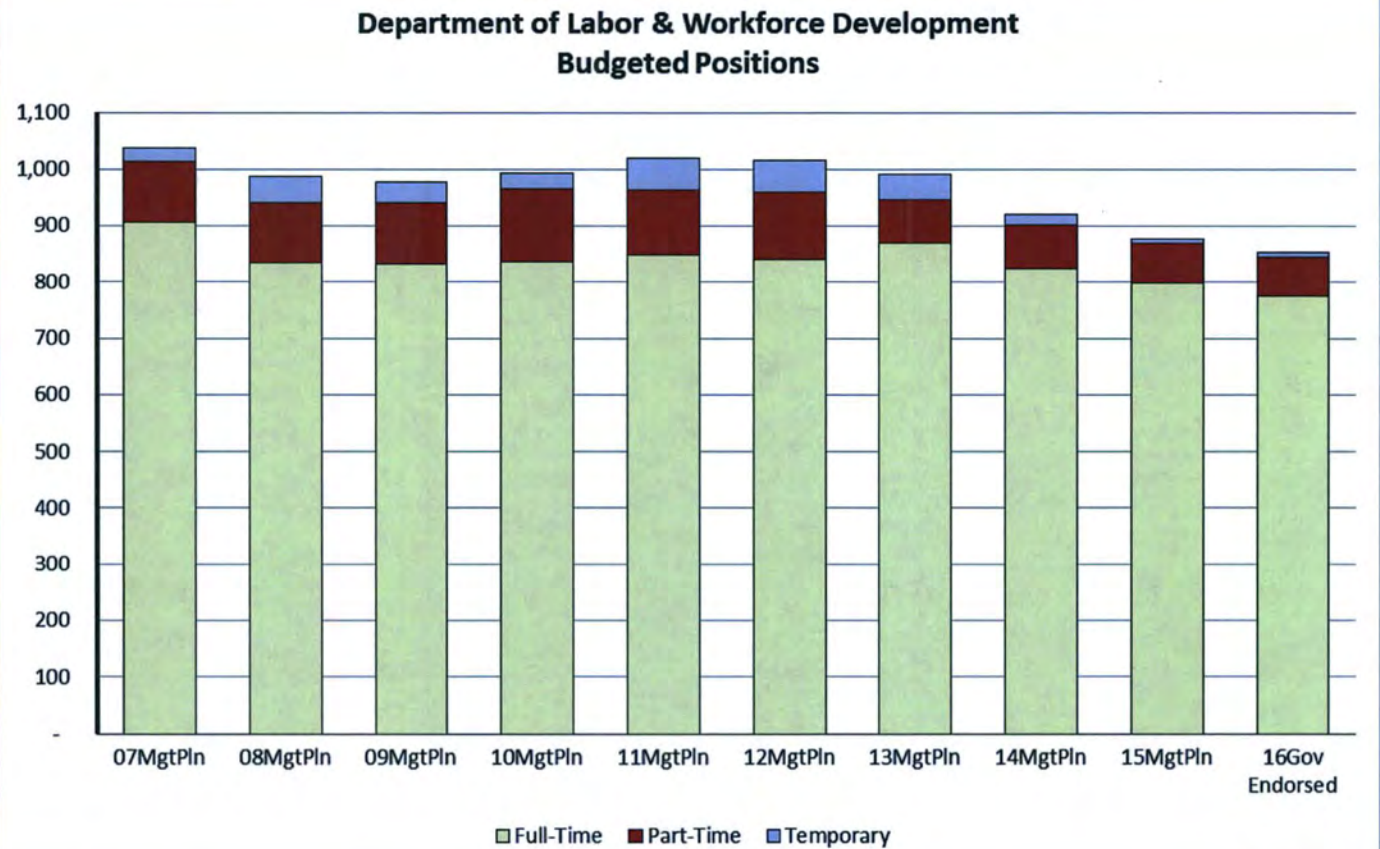


ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



CHANGE IN POSITIONS

**Between FY07-FY16
the total number of
budgeted positions in
the department
decreased by 184**





VISION FOR THE DEPARTMENT

Streamline programs and revamp the workforce development system to ensure maximum effectiveness and efficiency within a sustainable budget

Increase Alaska resident hire in priority industries and occupations to ensure Alaskans are getting Alaska's jobs

Ensure economic stability for injured, unemployed and disabled Alaskans



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



WE'RE PREPARING ALASKANS FOR THE JOBS OF TODAY—AND TOMORROW.

Alaska Department of Labor and Workforce Development

Commissioner Heidi Drygas

Email: Commissioner.Labor@alaska.gov

Phone: (907) 465-2700



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS

