State of Alaska
FY2009 Governor's Operating Budget

Department of Labor and Workforce Development
Administrative Services
Results Delivery Unit Budget Summary

Administrative Services Results Delivery Unit

Contribution to Department's Mission

The component contributes to the department's mission by providing support services to department programs.

Core Services

The Management Services component provides financial support services; unemployment insurance trust fund accounting; procurement, budget planning, monitoring and reporting; and office space management to department programs.

The Human Resources component consolidates and accounts for the costs of human resource and personnel services provided to this department by the Department of Administration.

The Leasing component consolidates and accounts for the costs of all space leases for the department.

The Data Processing component provides mainframe and desktop programming, database and security administration and network services installations and support.

The Labor Market Information component collects, analyses and publishes information on employment, unemployment, wage rates, occupational injuries, population estimates and forecasts, and other economic and demographic information, and will act as the official liaison with the federal Census Bureau for all Census 2010 projects.

End Result	Strategies to Achieve End Result
A: Maximize customer satisfaction with Labor Market Information services Target #1: 90% of survey respondents rate Labor Market Information (LMI) services as 3 or better on a scale of 1 to 5. Measure #1: Percent and number of customers rating LMI services as 3 or better.	**A1: Publish all required reports on time.** Target #1: Meet or exceed all Bureau of Labor Statistics (BLS) program deliverable deadlines. Measure #1: Percentage of BLS deliverable deadlines met. Target #2: Meet or exceed all state required report deadlines. Measure #2: Percent of state reporting deadlines met. **A2: Maximize the accuracy of information produced.** Target #1: Meet or exceed the data quality standard set by BLS for the Current Employment Statistics program. Measure #1: Percent of Current Employment Statistics benchmark revision. Target #2: Meet or exceed an 85% response rate on the Quarterly Census of Employment and Wages annual refiling survey. Measure #2: Response rate on the Quarterly Census of Employment and Wages annual refiling survey.
End Result	**Strategies to Achieve End Result**
B: Improve customer satisfaction with Data Processing services.	**B1: Deliver data processing systems and services on schedule and within budget.**

Target #1: 90% of survey respondents rate Data Processing services as 3 or better on a scale of 1 to 5. Measure #1: Percent of customers rating Data Processing services 3 or better.	Target #1: All data processing projects produced on schedule. Measure #1: Percent of projects produced on schedule. Target #2: All data processing projects produced within budget. Measure #2: Percent of data processing projects produced within budget. Target #3: All production jobs completed successfully. Measure #3: Percentage of production jobs that complete successfully

Major Activities to Advance Strategies

- Bill for Services.
- Maintain accurate addresses.
- Bill federal agencies promptly.
- Submit grant applications timely.
- Research available grant programs.
- Properly account for revenue received.
- Submit department budget accurately and timely.
- Develop and present briefing documents.
- Establish relationships with key legislators and staff.
- Testify at legislative hearings.
- Respond to legislative requests for information.

- Pay bills not involving discounts within 30 days.
- Pay vendors offering discounts within the discount period.
- Monitor bills to avoid duplicate payments.
- Review internal operations and cross-departmental operations.
- Manage all projects by trained project managers using formal and standardized methodology.
- Enhance project management skills with a refresher course.
- Project managers' skills will be enhanced by use in more smaller projects.
- Publish reports.
- Respond to information requests.
- Data collection and surveys.
- Analyze data.

FY2009 Resources Allocated to Achieve Results

FY2009 Results Delivery Unit Budget: $17,946,500

Personnel:

Full time	111
Part time	1
Total	112

Performance Measure Detail

A: Result - Maximize customer satisfaction with Labor Market Information services

Target #1: 90% of survey respondents rate Labor Market Information (LMI) services as 3 or better on a scale of 1 to 5.

Measure #1: Percent and number of customers rating LMI services as 3 or better.
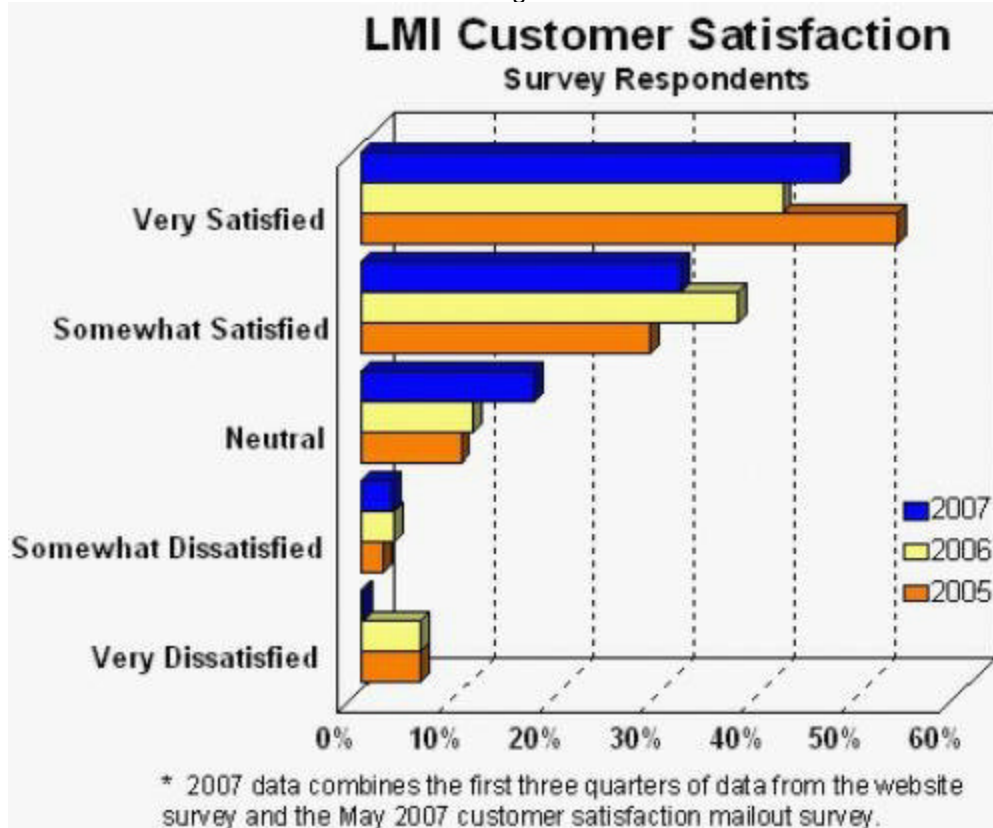
LMI Customer Satisfaction

Year	YTD
2005	95%
2006	95%
2007	97%

Analysis of results and challenges: Research & Analysis (R&A) collects customer satisfaction data through both Web-based and mail surveys. The surveys have four main objectives: to determine customer awareness of products and services, to measure general satisfaction with R&A's information, to measure satisfaction with specific R&A products, and to solicit customer feedback with an eye toward better meeting customer needs.

During calendar year 2005, 372 users responded to the online survey; 322 responses were received during the first three quarters of 2006 (fourth quarter data are unavailable). Of those users, 95% in both 2005 and 2006 were neutral, satisfied or very satisfied.

In addition to the Web-collected survey, R&A conducted a mail survey in 2007; 149 users responded to the mail survey, 39 users completed the web-based survey. The combined Web- and mail-based surveys indicate that over 97% of R&A's customers are neutral, satisfied or very satisfied with the service received during the first three quarters of 2007.

The Web link illustrates the level of customer satisfaction in 2007 for 11 different criteria.

A1: Strategy - Publish all required reports on time.

Target #1: Meet or exceed all Bureau of Labor Statistics (BLS) program deliverable deadlines.
Measure #1: Percentage of BLS deliverable deadlines met.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2003				100%
2004	98.1%	100%	100%	100%
2005	100%	100%	100%	100%
2006	100%	100%	100%	100%
2007	100%	100%	100%	NA

Analysis of results and challenges: The BLS grant in many cases specifies delivery dates. Recording submittal dates of BLS deliverables began October 1, 2003.

All BLS program deliverables were met during 2005, 2006 and the first three quarters of 2007.

Target #2: Meet or exceed all state required report deadlines.
Measure #2: Percent of state reporting deadlines met.

State Statutory Reports Submitted on Time

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2004	100%	100%	100%	100%
2005	100%	100%	100%	100%
2006	100%	100%	100%	100%
2007	100%	100%	100%	NA

Analysis of results and challenges: With the exception of statutorily specified reports, most state funded projects do not have specified delivery dates.

All statutorily-required reports were completed on time during 2004, 2005, 2006 and for the first three quarters of 2007.

A2: Strategy - Maximize the accuracy of information produced.

Target #1: Meet or exceed the data quality standard set by BLS for the Current Employment Statistics program.
**Measure #1:** Percent of Current Employment Statistics benchmark revision.

Year	Prelim Est	Bnchmrk Rev	YTD
1999	277,800	277,800	0.0%
2000	282,000	283,900	0.7%
2001	288,900	289,300	0.1%
2002	293,200	295,800	0.9%
2003	299,500	299,600	0.0%
2004	303,300	304,000	0.2%
2005	308,800	309,900	0.4%
2006	314,700	314,700	0.0%

Analysis of results and challenges: The Bureau of Labor Statistics' standard for relative error for an employment estimate of between 250,000 and 500,000 is 2.0%. Alaska's five year average annual benchmark revision for 2002 to 2006 was 0.3%.

Target #2: Meet or exceed an 85% response rate on the Quarterly Census of Employment and Wages annual refiling survey.

Measure #2: Response rate on the Quarterly Census of Employment and Wages annual refiling survey.

## QCEW Annual Refiling Survey Response Rate
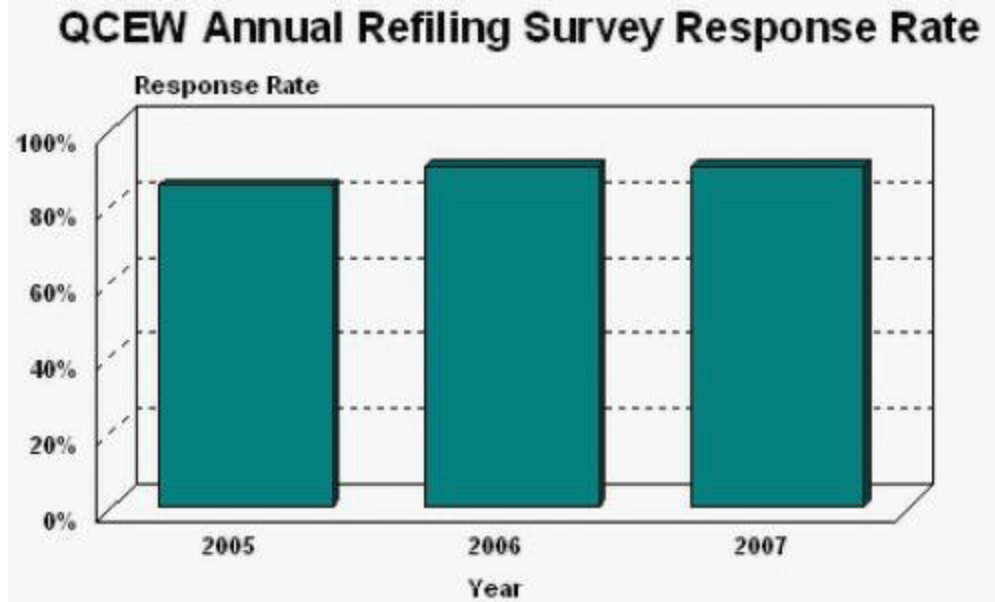
Analysis of results and challenges: Research & Analysis achieved an 85% response rate on the 2005 Quarterly Census of Employment and Wages annual employer refiling survey, a 90% response rate in 2006 and a 90% response rate in 2007.

B: Result - Improve customer satisfaction with Data Processing services.

Target #1: 90% of survey respondents rate Data Processing services as 3 or better on a scale of 1 to 5.

Measure #1: Percent of customers rating Data Processing services 3 or better.
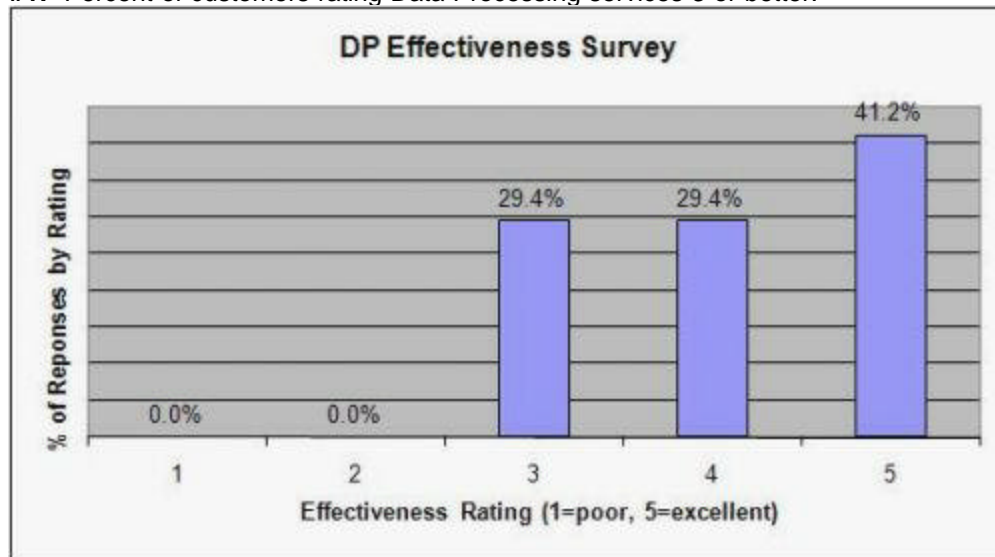
Survey Results

Fiscal Year	response 2	response 3	response 4	response 5	YTD
FY 2006	0	6	14	11	31
FY 2007	0	7	12	15	34
FY 2008	0	10	10	14	34

Analysis of results and challenges: A survey of the agency program unit liaisons was conducted. The survey questions focus on how Data Processing helps the business units perform their missions.

B1: Strategy - Deliver data processing systems and services on schedule and within budget.

Target #1: All data processing projects produced on schedule.
Measure #1: Percent of projects produced on schedule.

% Project Schedule - Work Completed

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
FY 2005	83%	86%	71%	86%
FY 2006	75%	75%	80%	80%
FY 2007	100%	100%	100%	100%
FY 2008	100%	0	0	0

Recently our projects have been small. We have not had overruns in cost.

Analysis of results and challenges: A log of projects is kept which records the project start date, expected completion date and the project budget. Each quarter until the project is completed the project work completed and budget cost-to-date percentages are entered. This measure is based on the number of projects on schedule as compared to the total number of projects, including completed and suspended projects.

A project is considered on schedule if its percentage complete is consistent with the initial projected completion date or the modified projected completion date due to the board acceptance of a change to the project scope.

Projects that become suspended (work ceases due to lack of resources or funding) are considered on schedule if they were on schedule when work was suspended. When the project resumes, the initial schedule will be revised to reflect a new expected completion date.

Target #2: All data processing projects produced within budget.
Measure #2: Percent of data processing projects produced within budget.

% Project Budget Status

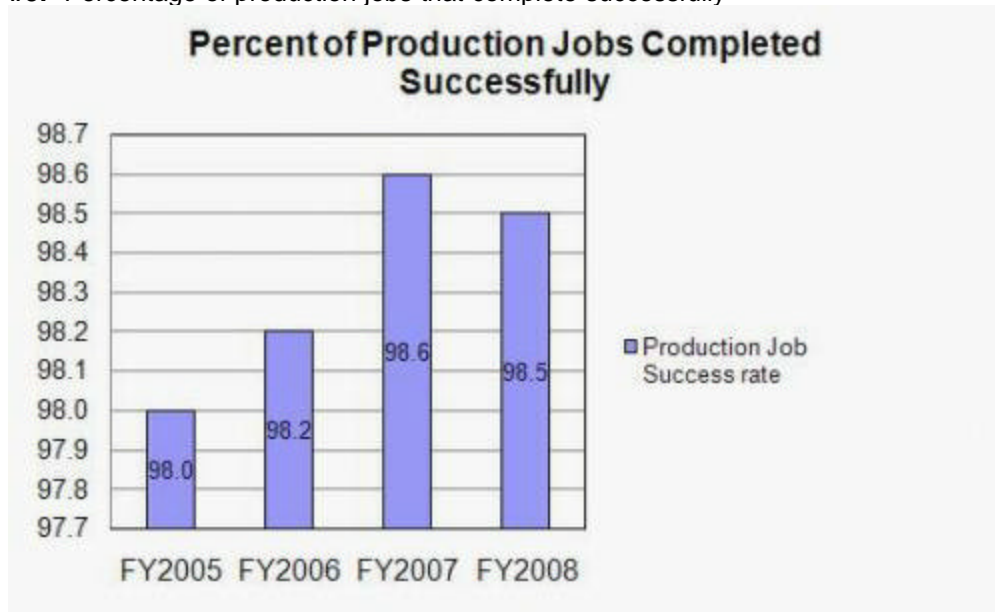| Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
FY 2005	100%	86%	86%	100%
FY 2006	100%	100%	100%	100%
FY 2007	100%	100%	100%	100%
FY 2008	100%	0	0	0
		0%	0%	0%

Analysis of results and challenges: A log of projects is kept which records the project start date, expected completion date and the project budget. Each quarter until the project is completed the project work completed and budget cost-to-date percentages are entered. This measure is based on the number of projects on schedule as compared to the total number of projects, including completed and suspended projects.

A project is considered within budget if the project cost to date is consistent with the initial projected budget or the modified budget due to the board acceptance of a change to the project scope.

Projects which become suspended are considered within budget if they were within budget when suspended.

Target #3: All production jobs completed successfully.
Measure #3: Percentage of production jobs that complete successfully

Production Job Success Rate

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
FY 2005	97.2%	98.1%	98.1%	98.7%	98.0%
FY 2006	98.3%	98.0%	98.4%	98.0%	98.2%
FY 2007	98.0%	98.5%	99.0%	98.8%	98.6%
FY 2008	98.5%	0 0%	0 0%	0 0%	98.5%

These numbers are normal for a relatively stable system.

Analysis of results and challenges: The table shows a stable environment. This good result is a continuation from the prior year. The cost of increasing performance would not be cost effective. Factors that could cause worsening performance in the future could include new development, loss of experienced staff, or loss of experienced staff at ETS (the operator of the mainframe).

An automated log of production jobs records each production job submitted and includes a completion code indicative of the job's success. Programs have been prepared to access the database and report quarterly the number of jobs submitted and the percentage that succeeded.

Key RDU Challenges

Management Services will continue to revise the department's Indirect Cost Allocation Plan and other allocation methods to minimize complexity while complying with all state and federal accounting requirements.

The department will address net declines in federal funding in the face of increased operating costs, including personal services cost increases and enterprise productivity rate increases.

The ability to recruit and retain senior Analyst/Programmers remains an ongoing challenge and we need to develop new ways to recruit and retain staff.

Statewide Enterprise Information Technology (IT) planning resulted in new standards. Fully aligning the department's IT efforts to these standards will take several years as the department's substantial infrastructure on the IBM MVS/CICS/DB2 mainframe is not part of the new IT standard. The department is pursuing effective solutions for

technology platforms for the future, with a focus on efficiencies and savings.

Security requirements are becoming stricter and threats to security are becoming more frequent and sophisticated. Increased demand for public access and wireless systems also forces more attention in this area and the required effort is increasing very rapidly. The department has completed a security study and is developing an operational security plan for the Unemployment Insurance (UI) system that will conform with the National Institute of Standards and Technology (NIST) guidelines and will ensure that technical security controls are implemented to safeguard data, ensure data integrity and assure the availability of UI information.

Federal funding from the US Department of Labor's Bureau of Labor Statistics (BLS) and Employment & Training Administration (ETA) is expected to be lower in fiscal year 2009. Federal funding reductions will also negatively affect Interagency (I/A) receipts to the Labor Market Information component. The full extent of the reduction is not known at this time. This budget does include a $300.0 reduction to federal authorization for pass-through funding for the Workforce Informational Council which has ended and other unrealizable receipts.

The Labor Market Information component is experiencing increasing difficulty recruiting and retaining staff. It will be difficult to maintain a consistent level of service and meet our state and federal deliverables given volatile federal funding and I/A receipt levels combined with high rates of turnover and vacancy.

Significant Changes in Results to be Delivered in FY2009

The Labor Market Information component will use the requested $110.0 increase in General Funds to support the department's efforts to develop a comprehensive training program to provide a prepared Alaska workforce for the Alaska Gas Pipeline. As recommended by the department's AGIA steering committee, the component will develop and disseminate regional employment data products with this funding.

Our major non-standard data processing items are our core Unemployment Insurance (UI) Tax and UI Benefits applications which reside on the state mainframe. We have explored the cost benefit analysis, risk analysis, impact on business processes, and skill set requirements for a number of possible technology directions. We are wrapping up our "Mainframe Retargeting Assessment". The department migration strategy will be governed by the speed at which we can get funding and develop cost effective solutions to replace those mainframe applications that are not currently compatible with State standards.

Data Processing is in the process of purchasing an automated regression testing tool. This has the potential to reduce web production errors and reduce testing time.

The department has implemented several web applications and will continue to increase the functionality of options available to the public. Targeted this year will be:

* Benefits Internet Filing (BIF) - phase III. This application will allow more of the filing input to be handled by clients and will reduce call center workload.

* Workers' Compensation Electronic Data Exchange. This application will share data automatically between states and cut down on manual data entry. It should be finished and in place prior to FY09.

* Certified Payroll. This application allows for easier and more intuitive filing of weekly or biweekly wages for employers working on public construction projects. Enhancement for this year will include the ability to pay fees online.

Major RDU Accomplishments in 2007

Processed payments in a timely and efficient manner.

Complied with all federal reporting requirements and deadlines.

Reduced the time between making an expenditure and drawing down the funds from the federal government.

Timely processing of receipts and allocation of pooled costs.

Facilitated establishment of the Workers' Compensation Benefit Guaranty Fund revenues.

Enhanced leased facility management to include oversight of major renovation projects within leased buildings.

Completed several critical maintenance issues on the Unemployment Insurance tax system in accounting, reconciliation, annual rates, federal reporting and printing.

Continued to reduce mainframe costs by eliminating or modifying costly jobs and purging unneeded data from the mainframe database.

Integrated the Alaska Labor Exchange system (ALEXsys) for the Employment and Training Services program with the Unemployment Insurance (UI) Benefits system.

Delivered a new version of the Unemployment Insurance Benefits Initial Claim Filing (BIF) system (phase 3). This system is intended to evolve into the principal method for interacting with unemployment insurance clients.

Established an Internship program to encourage new Analyst Programmer talent.

Completed the short-term industry forecast for 2007-2008.

Provided labor market information to policymakers and line staff by responding to over 1,500 requests for economic and demographic information and conducting over 75 presentations.

Labor Market Information met all federal and state deliverables.

Contact Information
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Administrative Services
RDU Financial Summary by Component

All dollars shown in thousands

	FY2007 Actuals				FY2008 Management Plan				FY2009 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Management Services	78.6	1,631.3	757.3	2,467.2	80.4	2,175.6	757.4	3,013.4	157.5	2,175.6	757.4	3,090.5
Human Resources	244.7	0.0	0.0	244.7	241.4	0.0	605.1	846.5	241.4	0.0	605.1	846.5
Leasing	3,122.4	0.0	0.0	3,122.4	3,335.5	0.0	0.0	3,335.5	3,335.5	0.0	0.0	3,335.5
Data Processing	325.8	4,017.6	1,634.2	5,977.6	225.8	4,221.5	1,758.8	6,206.1	182.7	4,221.5	1,758.8	6,163.0
Labor Market Information	749.8	1,106.5	1,664.3	3,520.6	1,022.2	1,910.9	1,636.1	4,569.2	1,260.1	1,610.9	1,640.0	4,511.0
Totals	**4,521.3**	**6,755.4**	**4,055.8**	**15,332.5**	**4,905.3**	**8,308.0**	**4,757.4**	**17,970.7**	**5,177.2**	**8,008.0**	**4,761.3**	**17,946.5**

Administrative Services
Summary of RDU Budget Changes by Component
From FY2008 Management Plan to FY2009 Governor

All dollars shown in thousands

	General Funds	Federal Funds	Other Funds	Total Funds
FY2008 Management Plan	4,905.3	8,308.0	4,757.4	17,970.7
Adjustments which will continue current level of service:				
-Management Services	77.1	0.0	0.0	77.1
-Data Processing	-43.1	0.0	0.0	-43.1
-Labor Market Information	127.9	0.0	3.9	131.8
Proposed budget decreases:				
-Labor Market Information	0.0	-300.0	0.0	-300.0
Proposed budget increases:				
-Labor Market Information	110.0	0.0	0.0	110.0
FY2009 Governor	5,177.2	8,008.0	4,761.3	17,946.5