

State of Alaska FY2002 Governor's Operating Budget

Department of Labor and Workforce Development

Commissioner: Ed Flanagan

Tel: (907) 465-2700 **Fax:** (907) 465-2784 **E-mail:** Ed_Flanagan@labor.state.ak.us

Administrative Services Director: Remond Henderson

Tel: (907) 465-2720 **Fax:** (907) 465-2107 **E-mail:** Remond_Henderson@labor.state.ak.us

Department Mission

The mission of the Department of Labor and Workforce Development is to promote safe and fair working conditions and to advance opportunities for employment.

Department Goals and Strategies

- 1) PUT ALASKANS TO WORK.
 - Increase marketing of employment services to Alaska employers including the opportunity for them to post their job orders directly to Alaska's Job Bank through use of the Internet.
 - Provide partial income replacement to insured workers during periods of temporary unemployment through an efficient and convenient application process.
 - Provide Adult Basic Educational Services to assist Alaskans' transition into higher education, vocational education, and ultimately into employment.
 - Reduce jobless rate among Alaskans with disabilities.
- 2) ENSURE THAT ALASKAN WORKERS ARE: PROVIDED SAFE AND HEALTHY WORKPLACES AND COMMUNITIES; PROTECTED FROM ECONOMIC HARDSHIP WHEN INJURED ON THE JOB; RECEIVE WAGES AND OVERTIME PAY IN ACCORDANCE WITH THE ALASKA WAGE AND HOUR ACT.
 - Maintain the FY 00 levels of health and safety consultations at 328 visits per year, and training of employers and workers at 1,905 students per year.
 - Prioritize both assistance and compliance activities for high-hazard industries.
 - Increase utilization of the Fishermen's Fund through outreach to fishermen and providers.
 - Increase efforts to educate employers about child labor laws and prioritize child labor law enforcement to prevent employment of minors in hazardous occupations.
- 3) UTILIZE TECHNOLOGY TO IMPROVE SERVICE TO THE PUBLIC.
 - The Unemployment Insurance Appeals Tribunal provides due process hearings in contested unemployment insurance benefit and tax cases. We intend to implement Internet access to Commissioner and Lower Tribunal decisions to improve the quality and accessibility of Appeal Tribunal services.
 - Continue to increase the amount of demographic and labor market information available through the department's website.

Key Department Issues for FY2001 – 2002

The Workers' Compensation Division must address the backlog of hearings for workers' compensation claims and hearing Decisions and Orders, and the increased lag time between requests for hearings and scheduling of hearings.

The Alaska Occupational Safety and Health program will continue progress toward meeting objectives set out in the Annual Performance Plan and Five Year Strategic Plan approved by the Federal Occupational and Safety Health Administration.

Federal funding from the Bureau of Labor Statistics for basic labor market information is not anticipated to increase although the complexity and resulting workload of these statistical programs has grown significantly in recent years. Resources (funding, staff) available for specific research on Alaska's labor market are not sufficient to meet the continuing increase in requests for information.

The Denali Commission currently funds five major grants administered by the Division of Employment Security. These competitive grants provide a means for rural Alaskan communities and organizations to employ and train residents for infrastructure and economic development projects. For example, a grant may provide an apprenticeship program for asbestos workers, bricklayers, carpenters, cement masons, electricians, ironworkers and/or laborers. Approximately \$904.7 of FY 01 funding is available for appropriation in FY 02, and another \$2 million of new federal funds is anticipated to become available for FY 02 for grants and administrative costs.

Recognizing the lack of employment opportunities and jobs in rural Alaska we are using distance-spanning technology to make the state a smaller place for those seeking work and/or training, particularly rural Alaskans.

The department must continue providing employment services to an expanded customer base while federal Wagner-Peyser funding remains flat or decreases.

We will enhance the DOL Intranet site to create a comprehensive resource library for tools and references to increase the effectiveness of UI program staff.

There will be an approximate 25% increase in demand for Adult Basic Education (ABE) services due to the Alaska High School exit exam going into effect in 2002.

The new workers' safety and compensation administration account must be monitored to assure that there will be sufficient funding for the Division of Workers' Compensation and the Alaska Occupational Safety and Health agency during the transition period from general funds to the general program receipts funds provided by this account.

Recruitment and retention of boiler and pressure vessel inspectors continues to be a problem due to inequities in pay between plumbing inspectors and boiler and pressure vessel inspectors. Vacancies coupled with reduced funding have contributed to the significant backlog in boiler and pressure vessel inspections throughout the state.

Recruitment and retention of data processing staff continues as a critical problem. Projects will continue as prioritized but overall progress will be limited by available staff and their level of training and experience.

The department will utilize technology to maximize access to information and services provided for people with disabilities and to increase the efficiency of service delivery.

Major Department Accomplishments in 2000

Workers' Compensation investigations resulted in greater compliance by employers of insurance requirements, and consequently affected a 36% reduction of uninsured workplace injuries from 59 in FY1999 to 38 in FY2000.

Increased productivity has maintained consultation safety and health visits at nearly 340 visits for the year.

Compliance inspections performed by the Occupational Safety and Health component were maintained at near prior-year levels (482 in FY1999, 443 in FY2000), even though one safety enforcement position was deleted.

Over one million dollars was recovered for workers by the Wage and Hour component staff.

Through the Alaska Job Center Network, 8,496 job seekers entered employment (not including self-service clients), 2,833 clients received vocational counseling services, and 37,949 job openings were listed for Alaska employers.

The Labor Market Information (LMI) component's Internet site was ranked 2nd in the nation by the National Association of State Workforce Agencies. NASWA is a national organization of state administrators of unemployment insurance, employment and training services, and labor market information programs.

The Unemployment Insurance program has conducted customer surveys since the Fall of 1997. In FY2000, we've initiated an annual customer survey of Alaska's employers and we expanded another biannual customer survey to include interstate claimants.

Over 1,200 Alaskans earned a GED in full-time student status, and 984 ABE enrollees gained or advanced in employment. The 1999 statistics cannot be compared as the Workforce Investment Act has set new, different requirements.

The Vocational Rehabilitation program provided services that enabled 522 Alaskans with disabilities to obtain employment and earn an average of \$20,084 per year.

The annual review of monthly employment estimates compared to actual counts collected through the Unemployment Insurance program resulted in a revision of less than 0.1%.

The major data processing accomplishment of FY2000 was the successful resolution of Y2K problems and the final installation of the new Workers' Compensation system, a five-year project.

The department initiated an in-house program of staff training to take entry level data processing employees and train them to meet our data processing support needs. Employees are placed in flexibly classed positions and promoted as skills are mastered.

Key Performance Measures for FY2002

Measure: The number of work-related injuries in high-hazard industries, including seafood processing, logging and construction.

(Developed jointly with Legislature in FY2000.)

Current Status:

According to the most recent information available, in 1998 there were 10.8 lost-work-day (LWD) incidents per 100 full-time workers in logging (reduced from 16.4 in 1997), 6.1 per 100 in construction (5.7 in 1997), 19.1 per 100 in seafood processing (23.3 in 1997). LWD information for 1999 will be available December 12, 2000.

Benchmark:

Being developed.

Background and Strategies:

Inherently unsafe working conditions and settings, inclement weather and seasonal workers all contribute to high injury rates in these industries.

The department will increase routine enforcement inspections, give priority to requests by these industries for consultations, and increase safety and health training to employers and employees to reduce the injury rate.

Measure: Increase to 33% the number of registered clients who enter employment after receiving service through an Alaskan Job Center.

(Revised from Legislature's FY2002 version.)

Current Status:

For FY2000, 28.5 percent of served clients have entered employment.

Benchmark:

The benchmark was established at 29.4 % by averaging the last two completed fiscal years (1999 and 2000). This measure is economy driven which partly explains the drop in numbers in FY2000. The percentage was lower in

FY2000 (28.5%) than in FY1999 (30.3%), but making this a performance measure will result in our adopting new, additional strategies and applying further resources to the goal.

Background and Strategies:

Staff-assisted service is demonstrated to greatly increase the probability of a registered client entering employment. Emphasis will be placed on the following strategies:

- Staff-assisted job search support, such as referrals, resume writing, case management, interviewing techniques and other workshops and activities that will help clients enter employment;
- Record services provided in the statewide management information system;
- Outreach to employers; and
- Marketing services to communities.

Measure: The increase in wages of clients who are served by the Vocational Rehabilitation Division.

(Developed jointly with Legislature in FY2002.)

Current Status:

In FY2000, 522 Alaskans with disabilities were placed in jobs earning an average of \$20,084.

Benchmark:

The four-year average (FY95-FY98) earnings for individuals with disabilities who had successful vocational outcomes were \$17,700 per year.

Background and Strategies:

Individuals with disabilities continually encounter substantial barriers to employment. These barriers include the lack of accessible housing, accessible transportation, education and training opportunities, communication options e.g. reader services for blind individuals or sign language interpreters for deaf individuals, health services, assistive technology and devices, and others.

The employability of individuals must be increased through services that enable them to live independently, enjoy self-determination, make meaningful choices, contribute to society, pursue meaningful careers, and to be fully included in all aspects of society.

Strategies planned to increase the average wage will include:

- Training individuals with disabilities to pursue career opportunities rather than just entry level employment;
- Working with businesses and employers to create good jobs with good benefits for people with disabilities by supporting targeted local economic development projects; and
- Benefits counseling to people with disabilities on Social Security to get them into the workforce without losing health care benefits.

Measure: Increase the number of adults, impacted by the Western Alaska Fisheries disaster, who receive job training assistance.

(Not yet addressed by Legislature.)

Current Status:

In FY 2000, 250 participants in disaster areas were enrolled in dislocated worker services.

Benchmark:

The Balance of State Workforce Investment Board has negotiated a 65% entered employment rate for dislocated workers.

Background and Strategies:

A three-year cycle of disastrously low returns of salmon to the Western Alaska area has contributed to a significant downturn in the economy and widespread job loss in an area with some of the state's highest unemployment.

- The Alaska Human Resource Investment Council will pursue a policy in support of rural services through allocation of Workforce Investment Act statewide project funds.
- The Alaska Human Resource Investment Council will evaluate the Workforce Investment Act formula allocation for possible increases in financial resources for adults and dislocated workers in rural Alaska.
- The Balance of State Workforce Investment Board will allocate a greater portion of Workforce Investment Act resources to regions serving communities affected by the Western Alaska Fisheries Disaster.
- The Alaska Workforce Investment Office will seek appropriate financial and performance waivers from the U.S. Department of Labor to allow easier access to Workforce Investment Act resource in rural Alaska.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • The percentage of employers who place orders with the Alaska Job Centers. • The numbers of work related injuries in high hazard industries, including seafood processing, logging and construction. • The increase in wages of clients who are served by the Vocational Rehabilitation Division. • Ensure demographic and economic data accuracy and availability. 			X		X

Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 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												
Employment Security	2,381.3	45,278.3	10,070.0	57,729.6	2,408.3	51,169.5	11,844.9	65,422.7	2,410.0	53,932.0	10,820.4	67,162.4
Administrative Services	1,056.0	6,288.3	2,927.0	10,271.3	1,295.4	7,455.1	3,528.4	12,278.9	1,315.5	7,674.1	3,849.1	12,838.7
Office of the Commissioner	705.7	9.7	107.9	823.3	723.4	80.9	498.8	1,303.1	725.6	80.5	500.0	1,306.1
Workers' Compensation	2,395.8	0.0	3,598.2	5,994.0	1,405.9	0.0	5,215.4	6,621.3	827.1	0.0	6,217.3	7,044.4
Labor Standards and Safety	3,758.8	1,732.2	426.4	5,917.4	3,312.6	1,815.7	972.7	6,101.0	3,038.8	1,852.3	1,273.0	6,164.1
Vocational Rehabilitation	3,977.4	13,609.9	1,086.9	18,674.2	4,016.2	17,414.9	921.6	22,352.7	4,020.3	18,716.9	1,186.7	23,923.9
Totals	14,275.0	66,918.4	18,216.4	99,409.8	13,161.8	77,936.1	22,981.8	114,079.7	12,337.3	82,255.8	23,846.5	118,439.6

Funding Source Summary

All dollars in thousands

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	66,918.4	77,936.1	82,255.8
1003 General Fund Match	3,748.1	3,262.4	3,155.4
1004 General Fund Receipts	9,674.3	8,867.5	8,227.2
1005 General Fund/Program Receipts	852.6	941.1	954.7
1007 Inter-Agency Receipts	9,726.7	11,313.1	10,643.7
1031 Second Injury Fund Reserve Account	2,852.8	2,857.8	3,173.8
1032 Disabled Fishermans Reserve Account	702.3	1,306.7	1,307.8
1049 Training and Building Fund	570.0	581.7	582.6
1053 Investment Loss Trust Fund		90.8	
1054 State Employment & Training Program	4,002.1	4,553.8	4,560.1
1061 Capital Improvement Project Receipts			75.0
1108 Statutory Designated Program Receipts	190.6	653.7	638.5
1117 Vocational Rehabilitation Small Business Enterprise Fund	171.9	215.0	365.0
1157 Workers Safety and Compensation Administration Account		1,500.0	2,500.0
Totals	99,409.8	114,079.7	118,439.6

Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	748	793
Permanent Part Time	93	70
Non Permanent	45	10
Totals	886	873

FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Home Modifications for Individuals with Disabilities	0	0	150,000	150,000
Assistive Technology Loan Fund	100,000	0	0	100,000
Department Total	100,000	0	150,000	250,000

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Overview of Departmental Budget Changes

EMPLOYMENT SECURITY

This BRU assesses and collects Unemployment Insurance (UI) tax, pays UI benefits, provides labor exchange services and provides access to state and employer sponsored training.

Services Changes:

The Employment Service Component will implement an online client self-registration and self-referral service.

The Job Training Programs Component will implement a management information system for increased oversight and monitoring of performance standards.

The Adult Basic Education Component will implement and focus on the new GED test beginning January 2002.

The Unemployment Insurance Component will expand regularly scheduled surveys of employers and conduct surveys of internal customers to enhance technical services.

ADMINISTRATIVE SERVICES

The BRU provides fiscal and personnel management; fund accounting; administrative services; employment, wage, population, demographic and economic information; and data processing support.

Service Changes:

Begin developing monthly seafood harvesting employment estimates, as well as researching methodologies to produce actual counts of seafood harvesting employment and earnings.

Develop a program for the annual creation of community level economic indicators. The indicators will be used to develop two products.

1. Funding allocation models for communities in economic distress
2. Analysis of each community potentially targeted for economic distress assistance

OFFICE OF THE COMMISSIONER

This BRU provides direction in the administration of the department's programs and facilitates the resolution of disputes between organized labor and public employers.

WORKERS' COMPENSATION

The BRU administers the state's Workers' Compensation Act, the Fishermen's Fund and the Second Injury Fund to aid Alaskans with employment related injuries and illnesses.

Service Changes:

This BRU intends to increase overall effectiveness, industry awareness and the level of services, and number of hearings, as well as the number of uninsured employer investigations.

LABOR STANDARDS AND SAFETY

This BRU provides assistance and oversight relating to the laws governing employment practices and occupational safety and health; training, licensing or certification, and enforcement of various construction contractors, electrical and mechanical administrators, electricians, plumbers, blasters and individuals who work with toxic or hazardous substances.

Service Changes:

The Occupational Safety and Health section will expand the consultative special intervention program for high incident rate employers to reduce the risk of injury to employees.

VOCATIONAL REHABILITATION

The BRU assists individuals with disabilities to overcome barriers to employment and encourage independence and integration into their community.

Service Changes:

Changes in funding/service levels include additional federal funds for two projects:

- 1) Alaska Work Incentives Project to enhance the employment and career advancement opportunities of people with disabilities through expanded service delivery in the One-stop System; and
- 2) Access to Alaska Project designed to ensure that Alaska's tourism industry focuses on the requirements of the Americans with Disabilities Act.

An increase in the authority for the Business Enterprise Program funds is budgeted in anticipation of a contract with Ft. Wainwright to operate the food services on the base.

Summary of Department Budget Changes by BRU

From FY2001 Authorized to FY2002 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	13,161.8	77,936.1	22,981.8	114,079.7
Adjustments which will continue current level of service:				
-Employment Security	1.7	-4.2	-2.9	-5.4
-Administrative Services	20.1	0.4	5.8	26.3
-Office of the Commissioner	2.2	-0.4	1.2	3.0
-Workers' Compensation	-678.8	0.0	683.3	4.5
-Labor Standards and Safety	-301.5	-4.9	300.3	-6.1
-Vocational Rehabilitation	5.0	-6.4	-1.3	-2.7
Proposed budget decreases:				
-Employment Security	0.0	-198.7	-1,021.6	-1,220.3
-Administrative Services	0.0	-89.2	-31.2	-120.4
-Vocational Rehabilitation	-0.9	0.0	0.1	-0.8
Proposed budget increases:				
-Employment Security	0.0	2,965.4	0.0	2,965.4
-Administrative Services	0.0	307.8	346.1	653.9
-Workers' Compensation	100.0	0.0	318.6	418.6
-Labor Standards and Safety	27.7	41.5	0.0	69.2
-Vocational Rehabilitation	0.0	1,308.4	266.3	1,574.7
FY2002 Governor	12,337.3	82,255.8	23,846.5	118,439.6