

State of Alaska
FY2003 Governor's Operating Budget

Department of Labor and Workforce Development
Labor Standards and Safety
Budget Request Unit Budget Summary

Labor Standards and Safety Budget Request Unit

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BRU Mission

The mission of the Division of Labor Standards and Safety is to provide for the monitoring of safe and legal working conditions.

BRU Services Provided

This division provides oversight, enforcement, consultation and training services relating to wage and hour laws, employment preference, child labor laws, and occupational safety and health; licensing enforcement of construction contractors, and electrical and mechanical administrators; certification of electricians, power linemen, plumbers, blasters and painters; certification and training for individuals who work with toxic and hazardous substances; and inspections of electrical and mechanical systems for code compliance.

BRU Goals and Strategies

1) EDUCATE EMPLOYERS AND EMPLOYEES ABOUT ALASKA LABOR LAWS AND ENSURE PROPER COMPENSATION TO ALASKAN WORKERS.

- Ensure that the public is informed of labor laws and services the agency provides through seminars, briefings, on-site outreach, and participation in various employment/human resource conferences.

- Monitor and audit certified payrolls for public construction projects to ensure compliance with prevailing wage laws.

2) DECREASE BACKLOG OF BOILER AND PRESSURE VESSEL INSPECTIONS.

- Maintain established inspection levels, and continue to improve recruitment and retention strategies for boiler and pressure vessel inspectors in order to keep existing positions filled and the number of inspections maximized.

3) IMPROVE JOB KNOWLEDGE FOR ELECTRICIANS AND PLUMBERS.

- Provide continuing education classes to keep trades up-to-date on plumbing and electrical code changes..

4) MAINTAIN CURRENT LEVELS OF INSPECTIONS IN THE ELEVATOR, ELECTRICAL, PLUMBING AND RECREATIONAL DEVICE PROGRAMS TO ENSURE PUBLIC SAFETY.

5) IMPROVE AND PROMOTE SAFETY AND HEALTH IN THE WORKPLACE, AND REDUCE ACCIDENTAL DEATH AND INJURIES.

- Increase programmed enforcement inspections and comprehensive visits in construction, logging and seafood processing industries.

- Increase employer and worker awareness of, and involvement in, safety and health practices through additional public service announcements, newspapers and other means of public notice.

- Increase the number of training sessions and students in attendance.

Key BRU Issues for FY2002 – 2003

- The Occupational Safety and Health program will be in the fifth year of the division's five-year strategic plan. Meeting the objectives set out in the Federal Fiscal Year 2001 Annual Performance Plan and the five-year Strategic Plan as approved by the Federal Occupational Safety and Health Administration will be a major effort on the part of the program staff.

- With the requested addition of two wage and hour technician positions, the Wage and Hour program will return to FY 98 staffing levels. While this will enable the section to begin making improvements in levels of enforcement activities, staffing is still inadequate to enforce many of the provisions of Title 36, creating a situation of unfair competition among contractors bidding on public construction jobs, with contractors abiding by the prevailing wage requirements being placed at a disadvantage. Inadequate enforcement also results in increased wage claims and penalties for employers.
- Efforts to decrease the boiler and pressure vessel inspection backlog continue. With the requested addition of two new inspectors in the Mechanical Inspection section, and assuming the ability to retain current staff, the section estimates that the backlog could be significantly reduced, if not eliminated, by FY 2006.

Major BRU Accomplishments in 2001

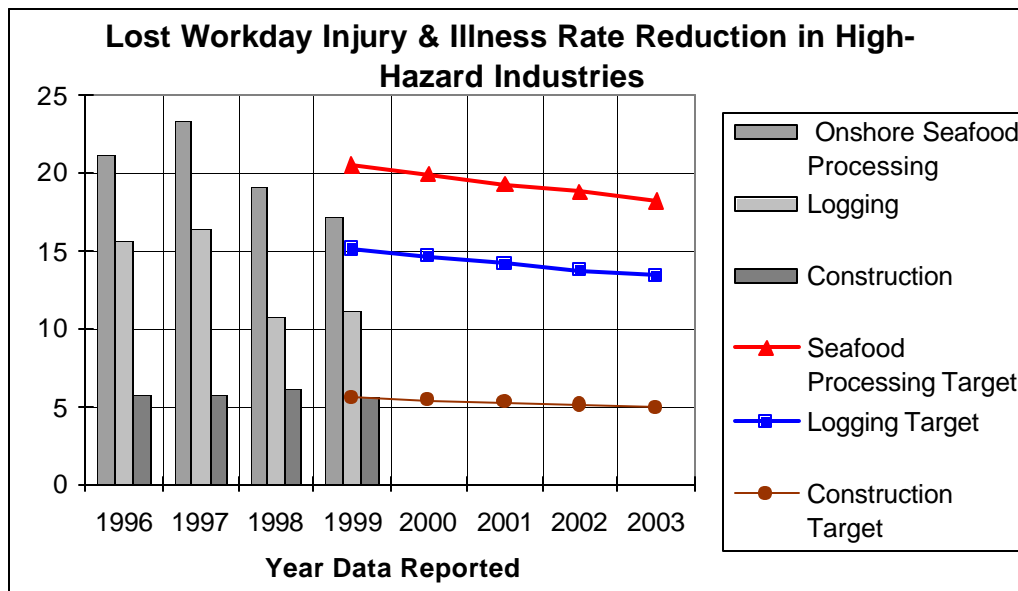
- Wage and Hour section collected over \$700,000 in owed wages for Alaskan workers.
- Wage and Hour staff monitored over 4,900 public construction projects for prevailing wage enforcement, and over 4,000 projects for employment preference compliance.
- Wage and Hour disseminated information on child labor, prevailing wage, and wage claim programs through approximately 18,600 contacts; and processed more than 12,000 child labor work permits.
- While the boiler and pressure vessel inspection backlog has not been reduced, due to the need for more inspectors, boiler inspections were maintained at near-FY 2000 levels. This level of inspections kept the backlog from increasing further.
- Boiler and pressure vessel inspectors were brought into the same approximate salary range as plumbing inspectors, in order to attract and keep inspectors in the existing boiler and pressure vessel positions.
- Mechanical Inspection worked on the adoption of regulations to conform with national standards set out in the 2000 Uniform Plumbing Code. In addition, statutory authority for the update for future codes by regulations has been conveyed to the Department of Labor, which will allow timely adoption of necessary code updates.
- The Occupational Safety & Health (OSH) program enrolled three Alaskan employers in the Voluntary Protection Program (VPP); one was reapproved from Merit to Star level and two were new to the program (one Star and one Merit). In the Safety and Health Achievement Recognition Program (SHARP), OSH reapproved one employer and reviewed and approved another for a total of two SHARP awards.
- OSH staff increased enforcement inspections by nine percent to improve the safety and health of working environments.
- The Safety Advisory Council increased participation levels at the Annual Governor's Safety and Health Conference by approximately 25% over FY 2000 levels.

Key Performance Measures for FY2003

Measure:

The number of lost workdays in high-hazard industries, including seafood processing, logging, and construction.
 Sec 91(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:



The target is to reduce injuries and illnesses in each of three high hazard industries by 15% over five years (~3% per year) by focusing on those workplaces with the highest injuries and illnesses. Targeted industries are construction, logging, and seafood processing.

Bureau of Labor Statistics Lost Workday Injury & Illness Rates for Selected Industries

	1996	1997	1998	1999	%Change 1996-1999
All Private Sector	4.1	4.2	3.9	3.8	(7.3%)
Construction	5.7	5.7	6.1	5.6	(1.8%)
Logging	15.6	16.4	10.8	11.1	(28.8%)
Onshore Seafood Processing	21.2	23.3	19.1	17.1	(19.8%)

Bureau of Labor Statistics (BLS) statistics reflect the previous calendar-year activity, not the previous budget-year activity. Because the data is reported in December of the following year, the lag is nearly two years. Targets were derived using 1996 data (latest available at that time) reduced by 3% to set the 1999 target and applying a 3% reduction to each following year. The above injury and illness rates are per 100 full time workers and all data is based on calendar years.

Benchmark Comparisons:

We have been unsuccessful in obtaining useful comparison statistics from other states. Other states use different target industries. Even though we use the same industries as the federal government, they obtain their statistics on a different set of specific criteria, which makes a comparison invalid at this time. The targets shown are the federal grant performance measures for the department.

Background and Strategies:

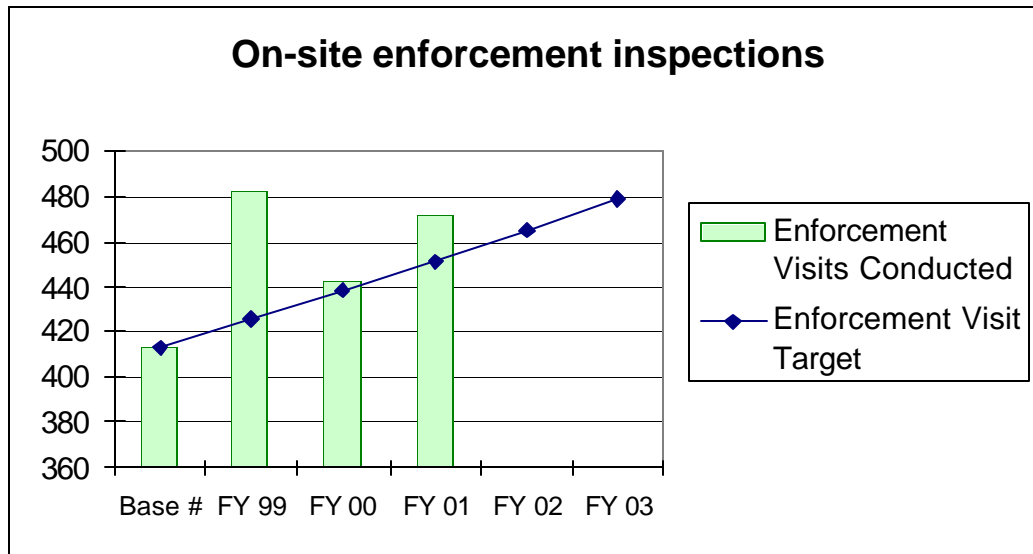
The Alaska Occupational Safety & Health program is involved in on-going efforts to integrate compliance assistance with enforcement strategies in order to better direct the resources of the program toward high-hazard industries and workplaces, and toward the particular hazards and issues that cause accidents or represent recognized threats to worker safety and health. Success in this area will result in reductions in lost workdays due to job-related illness or accidents.

The department wishes to work with the legislature to revise this measure. As stated in statute this measure calls for the number of lost workdays. The department would like this to be revised to measure incidence rates. This change would align the measure with the program's federal grant performance measure. Also the department and federal government utilize rates in all other reporting and measuring functions.

Measure:

The number of on-site enforcement inspections.
Sec 91(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:



To increase enforcement inspections by 15% over a five year period (~3% per year).

Fiscal Year	Enforcement Inspections
Base Number	413
1999	482
2000	443
2001	471

5-Year target (2003) $413 + 15\% = 475$

The base number is an average of fiscal year 1996, 1997, and 1998.

In 2001, there were two major fatality cases that took more than the average amount of time for the investigators. A new discrimination investigator was hired late in the year. These activities reduced the number of enforcement inspections that these three officers normally conduct.

Also in 2001, the consultation staff worked three months with an Acting Assistant Chief during the search for a permanent Assistant Chief of Consultation and Training. Comparing the first quarter activities of past fiscal years with this year's first quarter, it would appear that both sections are on course.

Benchmark Comparisons:

We have been unsuccessful in obtaining useful comparison statistics from other states. Other states use different target industries. Even though we use the same industries as the federal government, they obtain their statistics on a different set of specific criteria, making their benchmark inapplicable.

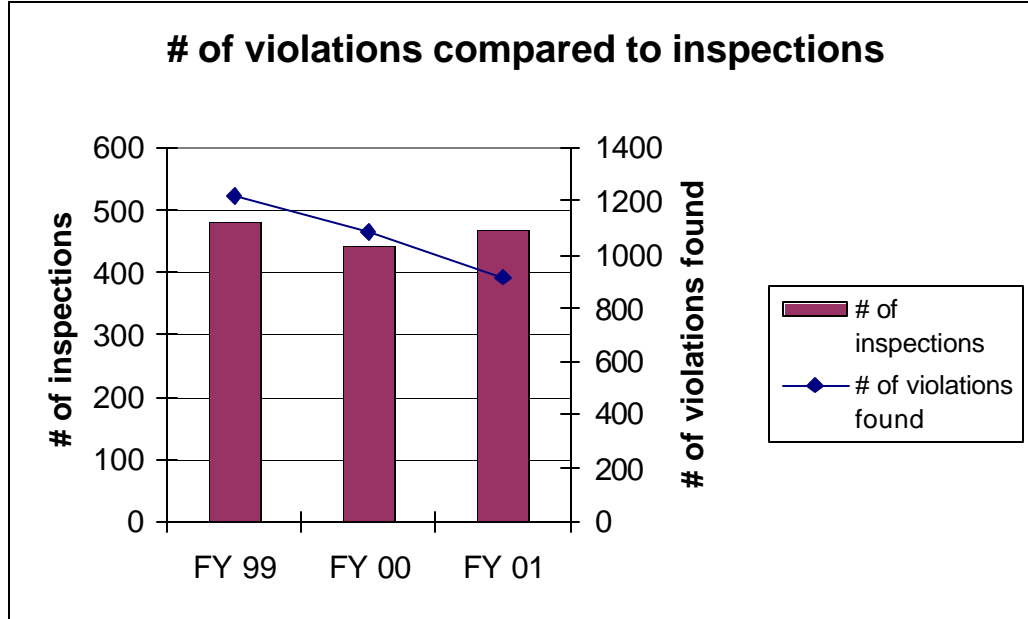
Background and Strategies:

AKOSH will continue to provide a strong enforcement presence to act as an effective deterrent for employers who fail to meet their safety and health responsibilities and as a means of leveraging the agency's resources. AKOSH voluntary and incentive programs are dependent upon the Agency maintaining an effective enforcement presence in the workplace, and AKOSH will continue to ensure that serious violators face serious consequences. At the same time, as a means to leverage enforcement and change workplace culture, the Agency will provide penalty reductions for certain employers who have established comprehensive safety and health programs.

Measure:

The percentage of violations found compared to total inspections.
 Sec 91(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:



Number of violations found compared to the total number of inspections

Fiscal Year	# of inspections	# of violations found
1999	482	1219
2000	443	1082
2001	471	917

Benchmark Comparisons:

There is no applicable benchmark for this percentage. Experience with this measure has shown that the percentage of violations to total number of inspections is not a useful measurement and should be revised.

Background and Strategies:

Experience has show that this measure needs to be revisited: the percentage of violations per the number of inspections conducted is not a viable measurement, as it is not within the program's control. The department believes that the performance measure should focus on the program's success rate in the correction of identified violations found during inspections. We would like to work with the legislature to revise this measure.

Measure:

The percentage of wage claims settled.
 Sec 91(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Our goal is to maintain our FY 01 wage claim closure rate of 50%. The 1st quarter of FY 02 closure rate is 24%. This

is on track to meet the goal as the closure rate starts low due to the large number of open cases carried over from the previous fiscal year. As more new cases are filed and processed the closure rate increases during the course of the year.

Benchmark Comparisons:

We have been unsuccessful in obtaining useful comparison statistics from other states. This statistic is not one that is regularly recorded by enforcement agencies. Montana, which is a comparable size, doesn't track this statistic. Wyoming, also of comparable size, lacks an effective Wage and Hour program. Oregon's percentage of cases closed for FY 01 is 79%. However, this is not a good comparison because Oregon law allows the agency's administrative decisions to be automatically entered as judgments in court. Since they don't have to try disputed cases in court, they would be expected to have a much higher closure rate, which their percentage reflects.

Background and Strategies:

One-half of the component's investigative staff is still in training, with over half of those just newly appointed to fill vacancies. The learning curve for investigators is approximately one year. We anticipate a struggle to maintain a 50% closure rate for wage claims but are striving to meet that goal. Our experienced investigators are handling maximum caseloads, but we will not sacrifice quality service in order to close cases more quickly.

Measure:

The number of boiler and pressure vessel inspections completed compared to the backlog.
Sec 91(b)(5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Our target for number of inspections is and has been constant based on 1,200 per year per full-time inspector. At current staffing levels of 3.75 full-time equivalent positions, that equals 4,500 inspections total for the program per year. Our rate of inspections has been constant for some time. Presently we are on track for this year's target.

Benchmark Comparisons:

There are no known comparable statistics in other states. The federal government does not have a boiler/pressure vessel inspection program.

Background and Strategies:

Difficulties in eliminating the backlog of overdue vessels can be attributed to several factors. Most dominant is the current number of authorized inspectors. We cannot do more, regardless of the vast improvements in number of inspections per inspector over the last three years, due to factors beyond our control, including remote locations and inclement weather for much of the year. More new vessels are coming on line than old vessels are being retired, resulting in a net increase of vessels in the inventory. The overdue vessels are not a static group we cannot get to. They are a constantly changing group due to the physical impossibility of doing any more with current resources.

In the FY 2003 budget request, the department has requested funding to support two additional pressure vessel inspectors and one administrative clerk for the program. With an additional 2,400 vessels per year being inspected, we can eliminate the majority of the backlog within three years. Given that many vessels are located in remote areas which are only visited when enough vessels are due to justify the trip, inclement weather and other uncontrollable factors make a zero backlog unrealistic. However, we could so minimize the backlog as to make it a non-issue.

Labor Standards and Safety
BRU Financial Summary by Component

All dollars in thousands

	FY2001 Actuals				FY2002 Authorized				FY2003 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
<u>Formula Expenditures</u>	None.											
<u>Non-Formula Expenditures</u>												
Wage and Hour Administration	1,301.7	0.0	34.4	1,336.1	1,326.1	0.0	22.1	1,348.2	1,456.8	0.0	22.6	1,479.4
Mechanical Inspection	1,160.5	0.0	407.2	1,567.7	1,152.9	0.0	421.7	1,574.6	1,511.1	0.0	229.6	1,740.7
Occupational Safety and Health	710.2	1,790.9	530.3	3,031.4	424.6	1,852.3	856.9	3,133.8	312.3	1,942.3	1,445.3	3,699.9
Alaska Safety Advisory Council	95.0	0.0	0.8	95.8	107.5	0.0	0.0	107.5	108.4	0.0	0.0	108.4
Totals	3,267.4	1,790.9	972.7	6,031.0	3,011.1	1,852.3	1,300.7	6,164.1	3,388.6	1,942.3	1,697.5	7,028.4

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Proposed Changes in Levels of Service for FY2003

With the requested addition of two new technician positions, the Wage and Hour program anticipates improved enforcement levels of minimum wage, overtime, and child labor and public contract laws state-wide with available resources.

The Mechanical Inspection program anticipates a reduction in the inspection backlog with the requested addition of new positions. Inspections should increase by approximately 2,400 per year, with a corresponding increase in certificates issued and revenues earned.

With the requested addition of a new position, the Occupational Safety and Health (OSH) program anticipates an 10% increase in the number of cases handled in the program.

Under the FY 2003 Oil Safety and Development Initiative, OSH will take on more responsibility for monitoring and inspection of facilities associated with development and remediation of on-shore drilling sites, in order to ensure safe and healthy working conditions for employees associated with these activities.

Increased safety outreach and education through the Alaska Safety Advisory Council annual conference.

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Summary of BRU Budget Changes by Component

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	3,011.1	1,852.3	1,300.7	6,164.1
Adjustments which will continue current level of service:				
-Wage and Hour Administration	28.7	0.0	0.5	29.2
-Mechanical Inspection	26.0	0.0	-192.1	-166.1
-Occupational Safety and Health	-335.0	40.0	565.4	270.4
-Alaska Safety Advisory Council	0.9	0.0	0.0	0.9
Proposed budget increases:				
-Wage and Hour Administration	102.0	0.0	0.0	102.0
-Mechanical Inspection	332.2	0.0	0.0	332.2
-Occupational Safety and Health	222.7	50.0	23.0	295.7
FY2003 Governor	3,388.6	1,942.3	1,697.5	7,028.4