

**State of Alaska  
FY2004 Governor's Operating Budget**

**Department of Labor and Workforce Development  
Administrative Services  
Budget Request Unit Budget Summary**

## **Administrative Services Budget Request Unit**

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### **BRU Mission**

The mission of the Division of Administrative Services is to provide support services to departmental programs.

Proposed Change:

The mission of the Division of Administrative Services is to provide support to the department.

### **BRU Services Provided**

The Management Services component provides budget planning, monitoring and reporting; unemployment insurance trust fund accounting; publication functions; human resource management; and procurement, mail and office space management to department programs.

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.

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

### **BRU Goals and Strategies**

1) Identify administrative support needs of the department and the tasks required to meet those needs, with input from program managers and program support staff.

- Develop or change the department's administrative policies and procedures for more efficient and effective administrative support.

2) Maximize the accuracy of data produced by the Labor Market Information component.

- Meet or exceed all quality standards set by the US Bureau of Labor Statistics (BLS).

3) Maximize the availability of data produced.

- Increase amount of historical data available on the Internet.

- Provide labor market information products and services to the state and local Workforce Investment Boards.

4) Improve data processing staff effectiveness

- Continue replacement of retiring DP staff with trainees drawn from experienced program staff instead of making extended recruitment efforts for trained DP staff.

5) Improve data processing system security

- Ensure compliance with the federal Health Insurance Portability & Accountability Act (HIPAA) of 1996.

### **Key BRU Issues for FY2003 – 2004**

Labor Market Information service levels will be impacted by reduced demographics funding, increased complexity of statistical surveys and growth in the number of employers.

The department will address compliance requirements related to the changed times for reporting Unemployment Trust Fund information.

Increased security requirements as more public access systems and wireless systems is an on-going issue. In many cases, the infrastructure for implementing adequate system security does not yet exist.

As the state reassesses the role of the mainframe and as electronic filing and payment options become mainstream, transition to newer technology is an increasing concern.

New federal mandates, such as the Temporary Extended Unemployment Compensation program, can require immediate changes to computer and accounting systems resulting in a shifting of resources and delays or deferment of system development and maintenance. On the horizon are the UI Reforms legislation, and the Health Insurance Portability & Accountability Act of 1996 (HIPPA), and WIA reauthorization.

### **Major BRU Accomplishments in 2002**

A web-based employer contribution reporting system was implemented.

The redesign and build phases of the Unemployment Insurance Tax System are underway and nearing completion.

The "Workforce Info" interactive Internet data inquiry system was deployed. Providing a single point of entry, data browsing tools, career resources, and data downloading capabilities.

The department deployed the Census 2000 interactive Internet data inquiry system providing census data for population, demographic, education, income and housing and allowing for data downloads.

The new complex and time intensive reporting requirements of the federal WIA program were implemented.

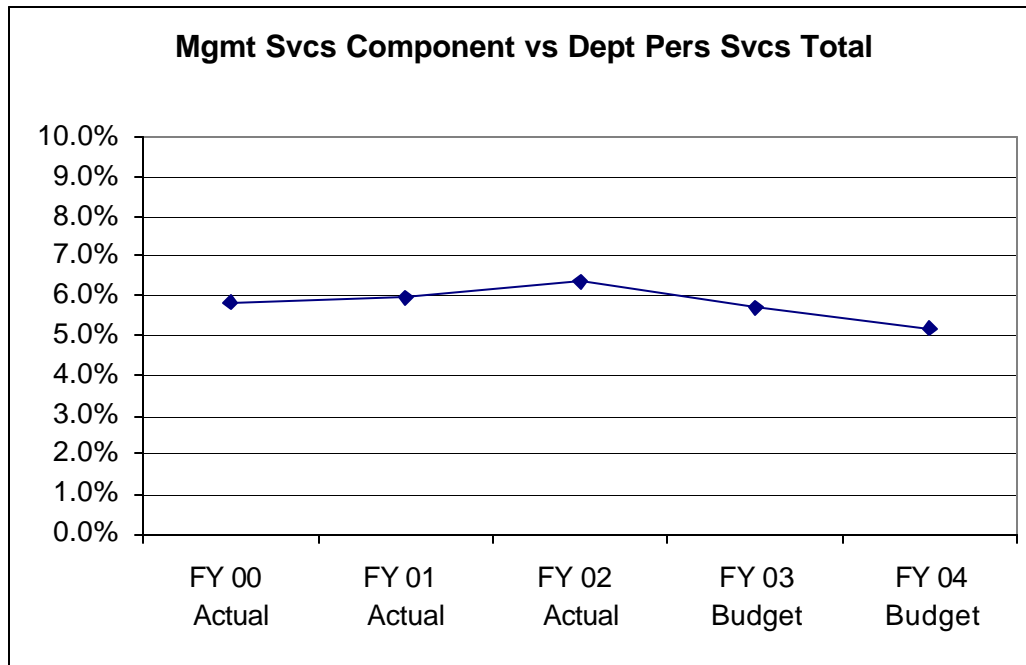
### **Key Performance Measures for FY2004**

**Measure:**

**The cost of the Management Services component compared to personnel costs for the department.**

Sec 88(b)(1) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**



|        |       | Mgt Svcs | DOL Pers | %    |
|--------|-------|----------|----------|------|
| Budget | FY 04 | 3,063.8  | 59,069.0 | 5.2% |
| Budget | FY 03 | 3,084.9  | 53,748.3 | 5.7% |
| Actual | FY 02 | 3,170.8  | 49,744.6 | 6.4% |
| Actual | FY 01 | 2,788.5  | 47,063.1 | 5.9% |
| Actual | FY 00 | 2,684.7  | 45,856.5 | 5.9% |

The target for this measure is to maintain the budgeted 5.2% while exploring ways to reduce costs in the future.

**Benchmark Comparisons:**

The department has not yet identified a state or federal entity of comparable size and composition for which comparative data is available.

**Background and Strategies:**

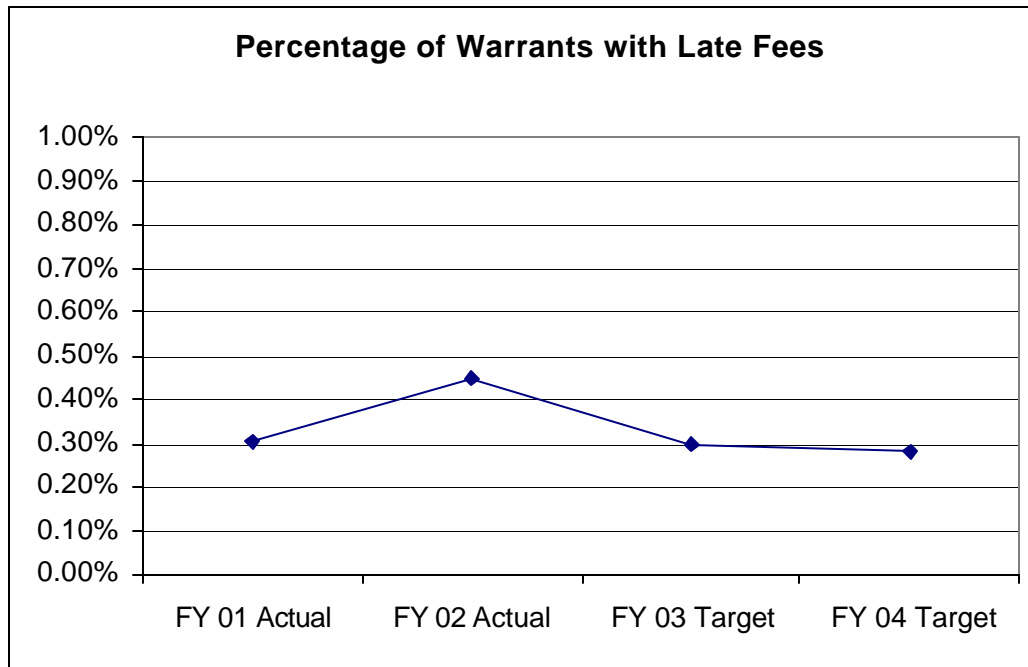
While the total cost of Management Services has increased over time it has remained fairly stable in comparison to the rest of the department. The component was 5.9% in FY2000 and was budgeted at 5.7% in FY2003. The slight increase for FY2002 resulted from a one-time purchase of office equipment. The drop in the budgeted percentage for FY2004 reflects the addition of the Alaska Vocational Technical Center to the department's budget. The component will continue to review operations and to curtail expenditures where possible.

**Measure:**

**The percentage, based on value, of late penalties incurred for payroll or vendor payments and the number of occurrences.**

Sec 88(b)(2) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**



|                | FY2001<br>Actual | FY2002<br>Actual | FY2003<br>Target | FY2004<br>Target |
|----------------|------------------|------------------|------------------|------------------|
| Penalties      | 101              | 151              | 100              | 95               |
| Total Warrants | 33,416           | 33,593           | 33,593           | 33,593           |
| Percent        | 0.30%            | 0.45%            | 0.30%            | 0.28%            |
| Amount         | \$1,062.95       | \$1,430.79       | \$560.00         | \$500.00         |

Our goal for FY2003 is to reduce our rate to the FY2001 rate of .30% and our FY2004 target is to reduce that to .28%.

Note: Payroll penalties are infrequent and isolated incidents, we had 1 in FY01 for \$400.00. For this reason payroll penalties were not taken into account when setting goals. Also not included are any effects from moving the Alaska Vocational Technical Center into the department's budget.

The department would like to work with the legislature to clarify the language of this measure by removing the words "based on value" and "payroll or". It would then read: The percentage of late penalties incurred for vendor payments and the number of occurrences.

**Benchmark Comparisons:**

The department has not yet identified a state or federal entity of comparable size and composition for which comparative data is available.

**Background and Strategies:**

In FY2002 there was a systemic problem in receiving telephone billings from outlying division offices that delayed payment and accounted for some 75% of late penalties. The new state telecommunications partnering agreement will eliminate that process. In addition the Management Services component will continue to identify and work with vendors when billing practices cause a disproportionate number of late fees.

**Administrative Services  
BRU Financial Summary by Component**

*All dollars in thousands*

|  | FY2002 Actuals |                |                |                 | FY2003 Authorized |               |             |             | FY2004 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     |
| <b><u>Formula Expenditures</u></b>     | None.          |                |                |                 |                   |               |             |             |                 |                |                |                 |
| <b><u>Non-Formula Expenditures</u></b> |                |                |                |                 |                   |               |             |             |                 |                |                |                 |
| Management Services                    | 405.4          | 2,300.8        | 464.6          | 3,170.8         | 0.0               | 0.0           | 0.0         | 0.0         | 158.8           | 2,253.5        | 651.5          | 3,063.8         |
| DOL State Facilities Rent              | 277.1          | 0.0            | 0.0            | 277.1           | 0.0               | 0.0           | 0.0         | 0.0         | 33.0            | 0.0            | 0.0            | 33.0            |
| Data Processing                        | 113.0          | 3,767.6        | 2,039.9        | 5,920.5         | 0.0               | 0.0           | 0.0         | 0.0         | 0.0             | 4,321.8        | 1,490.6        | 5,812.4         |
| Labor Market Information               | 519.5          | 1,396.1        | 1,365.4        | 3,281.0         | 0.0               | 0.0           | 0.0         | 0.0         | 474.1           | 1,937.4        | 1,596.7        | 4,008.2         |
| <b>Totals</b>                          | <b>1,315.0</b> | <b>7,464.5</b> | <b>3,869.9</b> | <b>12,649.4</b> | <b>0.0</b>        | <b>0.0</b>    | <b>0.0</b>  | <b>0.0</b>  | <b>665.9</b>    | <b>8,512.7</b> | <b>3,738.8</b> | <b>12,917.4</b> |

## Administrative Services

### Proposed Changes in Levels of Service for FY2004

The \$50.0 general fund reduction in Management Services may cause vendor payment times to increase from an average of 24 days to 30 days.

The \$55.8 general fund reduction in Labor Market Information will reduce Alaska Geographic Information System products and services (maps) by 50% and increase response times for 2000 Census data requests by 25%. This will stop development and implementation of an Internet based Alaska thematic mapping system and eliminate the Alaska State Data Center census data information bulletin. Attempts will be made to obtain interagency and other funding to offset this reduction.

In the FY 2003 budget process, the legislature changed reporting for the components of this BRU from Administrative Services to the Employment Security BRU. In FY 2004, the components are again part of the Administrative Services BRU. This change causes the budget system to display the FY 2003 Authorized budget for the BRU as zero, however, the department and component budget information is displayed correctly.

## Administrative Services

### Summary of BRU Budget Changes by Component

#### From FY2003 Authorized to FY2004 Governor

*All dollars in thousands*

|  | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| <b>FY2003 Authorized</b>   | <b>0.0</b>           | <b>0.0</b>           | <b>0.0</b>         | <b>0.0</b>         |
| <b>Adjustments which will continue current level of service:</b> |                      |                      |                    |                    |
| -Management Services   | -208.3               | 26.6                 | 210.6              | 28.9               |
| -Data Processing   | 0.0                  | 33.2                 | 23.8               | 57.0               |
| -Labor Market Information  | 0.0                  | 17.9                 | 10.8               | 28.7               |
| <b>Proposed budget decreases:</b>                                |                      |                      |                    |                    |
| -Management Services   | -50.0                | 0.0                  | 0.0                | -50.0              |
| -DOL State Facilities Rent                                       | -213.5               | 0.0                  | 0.0                | -213.5             |
| -Data Processing   | -114.7               | 0.0                  | -582.3             | -697.0             |
| -Labor Market Information  | -55.8                | 0.0                  | 0.0                | -55.8              |
| <b>Proposed budget increases:</b>                                |                      |                      |                    |                    |
| -Labor Market Information  | 0.0                  | 7.0                  | 0.0                | 7.0                |
| <b>FY2004 Governor</b>   | <b>665.9</b>         | <b>8,512.7</b>       | <b>3,738.8</b>     | <b>12,917.4</b>    |