

**State of Alaska
FY2004 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

Contact: Hali Denton, Acting Director

Tel: (907) 465-4855 **Fax:** (907) 465-6012 **E-mail:** Hali_Denton@Labor.state.ak.us

BRU Mission

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

Proposed Change:

The mission of the Division of Labor Standards and Safety is to provide 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 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, newspaper advertisements and other means of public notice such as the division's website and the annual Governor's Safety Conference.

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

Key BRU Issues for FY2003 – 2004

- The Occupational Safety and Health program will be in the first year of the division's new five-year strategic plan. Meeting the objectives set out in the Federal Fiscal Year 2004 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.
- Child labor continues to be a focus of the Wage and Hour Section. Investigative staff travels throughout the state to conduct "on-site" inspections to ensure that minors are being paid properly and are not required to perform hazardous duties on the job. Child work permits and the associated caseload have increased incrementally over the past decade, with no associated increase in Wage and Hour positions.
- Efforts to decrease the boiler and pressure vessel inspection backlog continue. With the hiring of two new inspectors in the Mechanical Inspection section, and assuming the ability to retain current staff, the section estimates that the backlog can be eliminated by FY 2006.
- The Wage and Hour has been proposed a fee program that would generate revenue and streamline the department's activities required under AS 36 and put more investigators into the field. Statutory and regulatory changes would be required in order to implement this strategy.

Major BRU Accomplishments in 2002

- Wage and Hour section collected over \$1,095,000 in owed wages for Alaskan workers.
- Wage and Hour staff monitored over 5,000 public construction projects for prevailing wage enforcement, and over 4,100 projects for employment preference compliance.
- Wage and Hour disseminated information on child labor, prevailing wage, and wage claim programs through approximately 23,000 contacts; and processed more than 13,500 child labor work permits.
- Boiler/Pressure Vessel Inspection data was incorporated into a national data repository that provides scheduling and invoicing of inspection services at no cost to the state. This will allow the program's inspectors to input their inspection data from the field on a daily basis and improve record keeping.
- Mechanical Inspection adopted regulations to conform to national standards set out in the 2002 NEC, 2002 NESC and the Boiler and Pressure Vessel Code.
- The Occupational Safety & Health (OSH) program enrolled four Alaskan employers in the Voluntary Protection Program (VPP); one at Merit, one was reapproved from Merit to Star level and two are Star (total: three Star and one Merit). In the Safety and Health Achievement Recognition Program (SHARP), OSH reapproved two employers and reviewed and approved three for a total of five SHARP awards.
- Consultation staff completed 411 visits in FY 2002, an improvement of 30% over FY 2001.

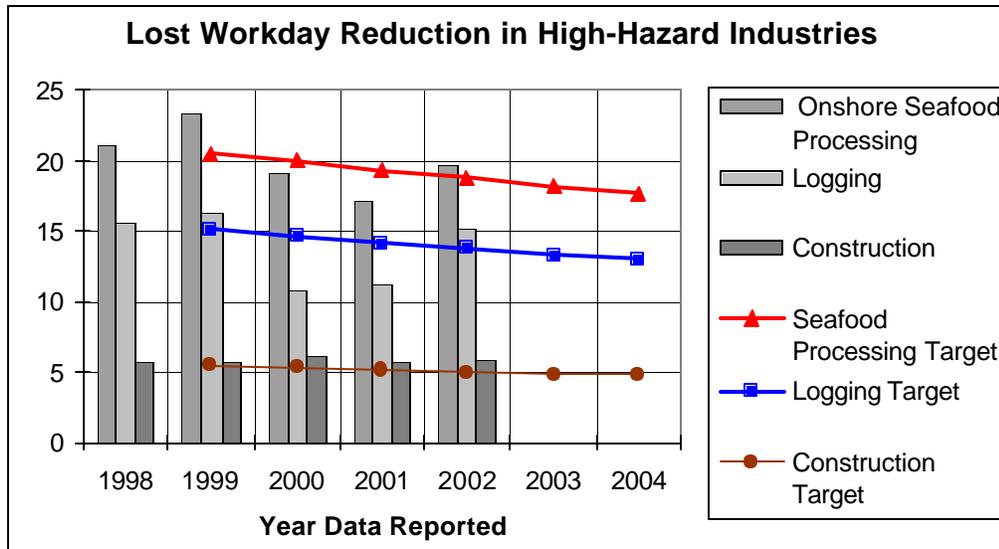
Key Performance Measures for FY2004

Measure:

The injury incident rate for lost workdays in high-hazard industries, including seafood processing, logging, and construction.

Sec 91(b)(1) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:



The current 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 number of injuries and illnesses. Targeted industries are construction, logging, and seafood processing. New targets will be established with the new federal five-year strategic plan that will be implemented in October 2003. These target numbers are not yet defined.

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

	1996	1997	1998	1999	2000	%Change 1996-2000
All Private Sector	4.1	4.2	3.9	3.8	3.7	(9.8%)
Construction	5.7	5.7	6.1	5.6	5.8	(1.8%)
Logging	15.6	16.4	10.8	11.1	15.1	(3.2%)
Onshore Seafood Processing	21.2	23.3	19.1	17.1	19.7	(7.1%)

Bureau of Labor Statistics (BLS) statistics reflect the previous calendar-year activity, not the previous budget-year activity. Because the data are 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 are 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 target numbers currently used in this measure are based on the federal strategic (five-year) plan implemented in federal fiscal year 1998. The division is in the fifth and last year of this plan, and about to begin development of the next strategic plan. Goals and targets will change when the new five-year plan is implemented in October 2003.

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.

Measure:

Percentage of violations found compared to total inspections.

Sec 91(b)(2) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

Number of violations found compared to the total number of inspections:

Fiscal Year	# of Inspections	# of Violations Found
1999	482	1,219
2000	443	1,082
2001	471	917
2002	364	893
2003	185 (planned)	
2004	195 (planned)	

The number of planned inspections is significantly less than the number performed in prior years because a large percentage of inspections occur as a consequence of accidents and fatalities at worksites. There is no way to predict these events or the numbers of inspections or violations that might be associated with them.

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:

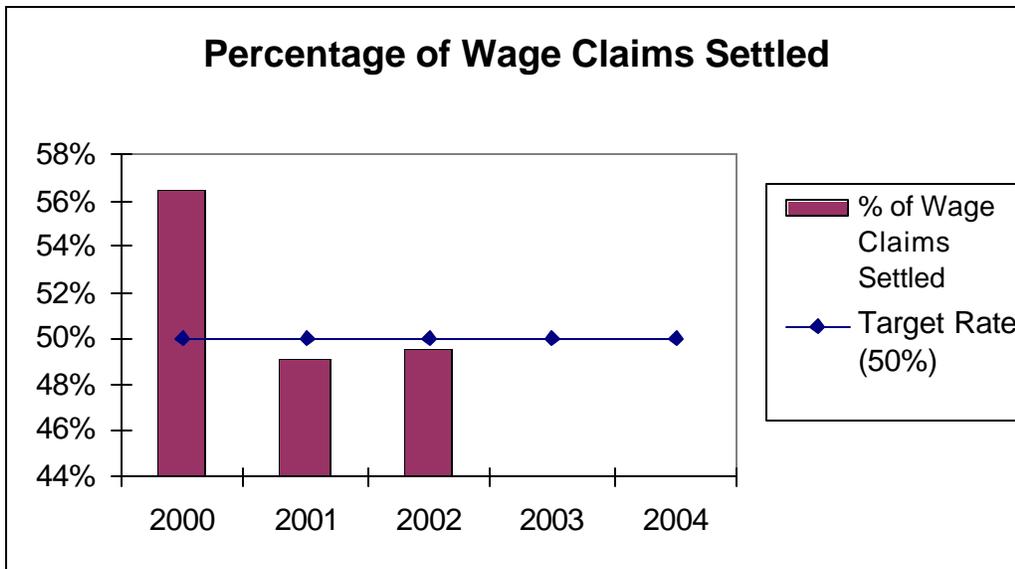
Experience has shown that this measure needs to be revisited: the percentage of violations per the number of inspections conducted is not a viable measurement, as it is not within the program's control. The department believes that the performance measure should focus on the program's success rate in 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)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:



The Wage and Hour program's goal is to maintain the FY 02 wage claim closure rate of approximately 50%. The closure rate for the first quarter of FY 03 is 25%. 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 of 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 02 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.

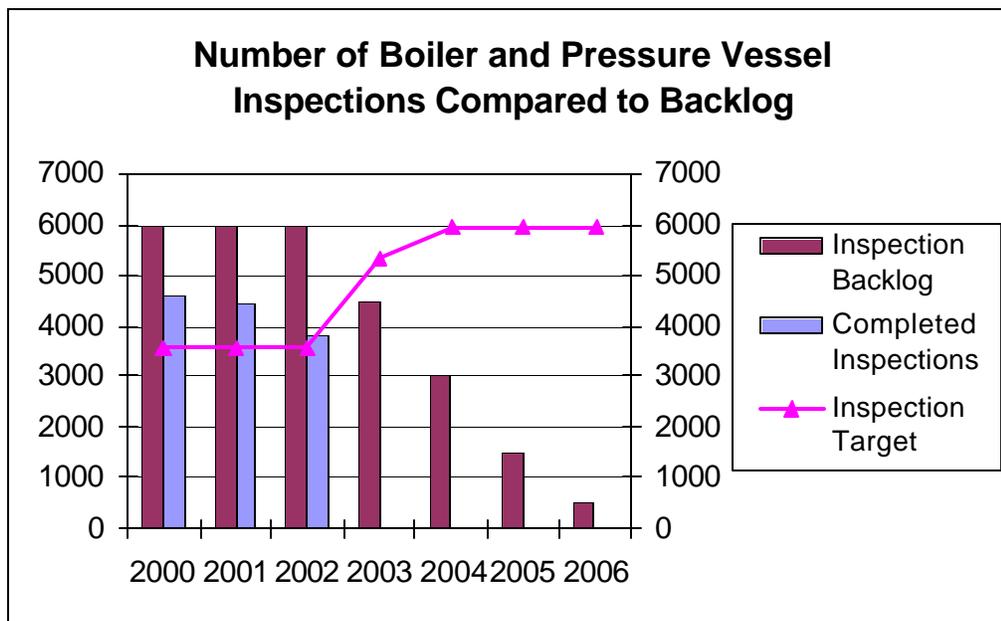
Background and Strategies:

With most vacancies being filled in FY03 with full-time investigative staff and one being filled on a part-time basis, there is still a very large learning curve. The administrative staff has also experienced a high turnover rate, which has affected the learning curve for both investigative staff and administrative staff. 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)(4) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:



Our target for number of inspections is and has constantly been based on 1,200 per year per full-time inspector. This year's staffing levels of 4.46 full-time equivalent positions equals 5,350 inspections total for the program. 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:

Remote locations and inclement weather for much of the year are a constant factor affecting the total number of inspections performed. More new vessels coming on line is another constant resulting in a net increase in the inventory. Maximizing the efficiency of the "Jurisdiction On Line" system for invoice processing has resulted in a streamlined and efficient method of minimizing accounts receivables, increasing the overall efficiency of the program.

A major difficulty in eliminating the backlog of overdue vessels should be alleviated by the addition of two boiler/pressure vessel inspectors in FY 2003. The program anticipates a significant reduction in the statewide inspection backlog, as well as improved timeliness in issuing inspection reports and invoices and in processing payments. With the additional staff, it is estimated that virtual elimination of the backlog can be achieved by FY 2006.

Measure:

The number of boiler and pressure vessel violations abated compared to the number detected.

Sec 91(b)(5) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

The target for this measure is 100%. Under current program policy, no violation is allowed to go uncorrected unless a waiver is issued by the Commissioner. Although extensions are occasionally issued, such a waiver would be a very rare occurrence. Given that policy, this does not constitute a valid measure. The department wishes to work with the legislature to develop a revised performance measure that would provide a meaningful indicator of progress.

Labor Standards and Safety
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
<u>Formula Expenditures</u>												
None.												
<u>Non-Formula Expenditures</u>												
Wage and Hour Administration	1,317.9	0.0	18.2	1,336.1	0.0	0.0	0.0	0.0	1,287.1	0.0	34.8	1,321.9
Mechanical Inspection	1,147.2	0.0	200.3	1,347.5	0.0	0.0	0.0	0.0	0.0	0.0	1,822.7	1,822.7
Occupational Safety and Health	499.6	1,914.4	1,036.3	3,450.3	0.0	0.0	0.0	0.0	89.6	1,957.3	1,532.0	3,578.9
Alaska Safety Advisory Council	107.5	0.0	0.0	107.5	0.0	0.0	0.0	0.0	0.0	0.0	108.9	108.9
Totals	3,072.2	1,914.4	1,254.8	6,241.4	0.0	0.0	0.0	0.0	1,376.7	1,957.3	3,498.4	6,832.4

Labor Standards and Safety

Proposed Changes in Levels of Service for FY2004

The Mechanical Inspection program anticipates a reduction in the inspection backlog with the FY 2003 addition of new positions. Inspections should increase by approximately 2,400 per year, with a corresponding increase in certificates issued and revenues earned.

In the FY 2003 budget process the legislature changed reporting for the components of this BRU from Labor Standards and Safety to the Office of the Commissioner BRU. In FY 2004, the components are again part of the Labor Standards & Safety 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.

Labor Standards and Safety

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>
FY2003 Authorized	0.0	0.0	0.0	0.0
Adjustments which will continue current level of service:				
-Wage and Hour Administration	0.0	0.0	12.2	12.2
-Mechanical Inspection	-137.7	0.0	149.1	11.4
-Occupational Safety and Health	0.0	15.0	12.8	27.8
-Alaska Safety Advisory Council	0.0	0.0	0.5	0.5
Proposed budget decreases:				
-Wage and Hour Administration	-90.2	0.0	0.0	-90.2
Proposed budget increases:				
-Mechanical Inspection	0.0	0.0	168.2	168.2
-Occupational Safety and Health	0.0	0.0	73.9	73.9
FY2004 Governor	1,376.7	1,957.3	3,498.4	6,832.4